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NOTE

The term 'Britain' is used informally in the *Survey of Current Affairs* to mean the United Kingdom of Great Britain and Northern Ireland. 'Great Britain' comprises England, Wales and Scotland.

The Royal Succession

The order of succession to the throne has been changed by the birth of the Queen's fifth grandchild.

The first child of the Duke and Duchess of York, a daughter born on 8 August, becomes fifth in line of succession to the throne. She is preceded by her uncle, the Prince of Wales and his two sons, Prince William of Wales and Prince Henry of Wales, and by the Duke of York himself, and she immediately precedes her uncle, Prince Edward, and her aunt, the Princess Royal and her children. The child is to be named Beatrice Elizabeth Mary and will be known as Princess Beatrice of York.

Northern Ireland

Following a series of recent terrorist attacks by the Provisional IRA, the Government has reaffirmed the need to take all necessary steps within the law to defeat terrorism. The need for such action has also been endorsed by the Anglo-Irish Intergovernmental Conference.

Statements by Mr King

After a second meeting with the Prime Minister, Mrs Margaret Thatcher, on 24 August to discuss anti-terrorism measures, the Secretary of State for Northern Ireland, Mr Tom King, told journalists that it was the Government's responsibility to respond to a serious and vicious terrorist challenge in the most effective way in the interests of the community. A comprehensive review had been carried out to ensure that the security forces got the support needed in their vital work. The Government had reached decisions and certain other matters would require further detailed work which would be put in hand immediately. The results of decisions taken would become apparent shortly. No-one could doubt the Government's commitment to ensure the defeat of terrorism. 'What needs to be done will be done and further work is actively in hand at the moment.'

Following the shooting of three members of the Provisional IRA on 30 August by the security forces at an incident in Drumnakilly (see below), Mr King issued a statement in Belfast on 3 September emphasising that the security forces operated at all times within the law and under the rules of engagement laid down. 'Those rules are made not for any unreasonable purpose but to enable the security forces properly to discharge their task of the protection of the law-abiding community against the evil of terrorism.' Members of the security forces were fully trained not just in operational skills but in the circumstances in which they could use them. In the case of the Drumnakilly incident, in which the IRA – as it had admitted – had embarked upon a mission of murder, a full investigation would be made by the police and a report made to the independent Director of Public Prosecutions. This would happen because the rule of law was maintained at all times. In contrast, the terrorists had shown total disregard for the lives of others in pursuit of their vicious purposes.

Anglo-Irish Intergovernmental Conference

The Anglo-Irish Intergovernmental Conference, set up under the 1985 Anglo-Irish Agreement (see pp 367-74, 1985), met in Dublin on 13 September. Mr King and Mr Ian Stewart, Minister of State at the Northern Ireland Office, represented Britain, while the Irish Republic was represented by the Minister for Foreign Affairs, Mr Brian Lenihan, and the Minister for Justice, Mr Gerard Collins.

Reiterating their condemnation of violence 'as both abhorrent and totally counter-productive', ministers affirmed their belief in the need for dialogue at all levels as an essential element in achieving political progress and an end to violence. They also reaffirmed the determination of both Governments 'to work together to the fullest extent to counter the continuing threat of terrorism, operating at all times within the rule of law, and to ensure that those who engage in terrorism are made amenable to justice'.

Background

The review on security took place after the murder of eight British soldiers near Omagh on 20 August, when their coach was bombed by the Provisional IRA. This followed a number of terrorist acts committed by the Provisional IRA in Northern Ireland, England, Belgium, the Federal Republic of Germany and the Netherlands in recent months.

Since January 1988 some 34 members of the security forces have been murdered by terrorists – 31 members of the armed forces, including 10 members of the Ulster Defence Regiment, and 3 policemen; in addition some 41 civilians, including a number of terrorists, have lost their lives. On 15

June the Provisional IRA bombed a charity fun run, killing six soldiers and injuring nine civilians. Five children were injured – one seriously – when a school bus was bombed at Lisnaskea, County Fermanagh, on 28 June. Two civilians were killed and four others injured in a bomb attack outside the public swimming baths in West Belfast on 7 July. On 23 July three members of the Hanna family were murdered by the Provisional IRA at Killeen, County Armagh when their car was blown up by a bomb intended for a Roman Catholic judge. Two elderly workmen were killed at Beeleek on 4 August when returning home after carrying out repair work on a police station. On 31 August a 60-year-old woman and a 55-year-old man who were checking on the welfare of a neighbour in Londonderry were killed by a Provisional IRA booby-trap bomb; the IRA said that it had planted the bomb in a flat to kill members of the security services and described the incident as 'an operation that went tragically wrong.'

In an exchange of gunfire, three Provisional IRA men were shot dead by the security forces at Drumnakilly in County Tyrone on 30 August; on the next day the Provisional IRA issued a statement pointing out that the three men were 'on active service' at the time.

The Provisional IRA has also attacked British military bases and off-duty personnel on the European mainland (including Gibraltar – see pp 90-1) and in England. On 1 May a British airman was killed and two others seriously injured when their car was machine-gunned at Roermond in the Netherlands; on the same day two airmen were killed and another critically injured by a car bomb at Nieuw Bergen in the Netherlands. On 13 July two bombs were planted in the sleeping quarters of a British base at Duisburg in the Federal Republic of Germany, and nine soldiers were injured when the bombs exploded; this was followed by a bomb explosion on 5 August at a base near Düsseldorf, where three British soldiers and a civilian were injured. On 1 August the headquarters of the forces' postal service at Mill Hill, in London, was bombed, with one soldier killed and nine injured. On 13 August a senior British non-commissioned officer in civilian clothes and driving a civilian car to catch a ferry home was shot dead by Provisional IRA terrorists in Ostend, Belgium.

On 31 August two men, subsequently identified as members of the Provisional IRA, were arrested by Federal German border police at the Dutch border; both were armed when their car was stopped and two Kalashnikov AK47 automatic rifles were found in the car. A Federal German judge subsequently ordered the men to be held on suspicion of taking part in the bombing of British barracks in the Federal Republic. One of the AK rifles was identified as having been used in the Roermond attack on British airmen.

Shorter Note

FIREARMS AMNESTY

The first nationwide firearms amnesty for 20 years in England, Scotland and Wales was launched by the Government on 1 September.

Arrangements have been made, in consultation with chief officers of police, for people to surrender unlicensed or unwanted firearms to the police in September without fear of prosecution. The last amnesty was held in 1968 when 25,088 firearms and over 795,000 rounds of ammunition were handed in; the firearms total included 9,488 shotguns which were held legally.

The offence of possessing a firearm without a certificate carries a maximum penalty of three years' imprisonment and/or an unlimited fine. From 29 September, under the Criminal Justice Act 1988, the penalty for the offence of possessing a shotgun without a certificate is increased to bring it in line with illegal possession of a firearm. The amnesty gives the public an opportunity to dispose of weapons before these provisions come into effect.

A total of 160,285 firearm and 840,951 shotgun certificates were on issue in England and Wales in 1986.

The Firearms (Amendment) Bill (see p 41), which extends the class of prohibited weapons, is currently before Parliament. For further information, see COI reference paper No 305/88, *The Control of Firearms in Britain: New Proposals.*

Source: Home Office press notice, 31.8.88.

Chemical Weapons

Britain's past production of chemical weapons and their disposal in the 1940s and 1950s were detailed in a paper tabled at the Conference on Disarmament in August. British proposals that would improve United Nations procedures for investigating alleged use of chemical weapons were also presented to a meeting of a UN group of experts, while Britain joined with other members of the UN Security Council in expressing great concern at the continuing use of chemical weapons in the Middle East.

Background

Although the use of biological (bacteriological) and chemical weapons is already banned by 100 nations party to the 1925 Geneva Protocol, their development, production or possession is not. Britain has been active for many years in negotiations on the banning of these weapons, and, following the treaty eliminating US and Soviet ground-launched intermediate-range nuclear missiles (see pp 9-11 and 191-3),[1] considers their elimination to be one of the priorities of the disarmament process (see p 195).

In 1968 Britain proposed that biological and chemical weapons should be dealt with separately instead of being classed together. This proposal met with international acceptance and led to the agreement in 1972 on the Biological Weapons Convention. This prohibits the development, production, stockpiling and acquisition of biological agents or toxins that have no peaceful purpose, and of weapons systems designed to use such agents or toxins for hostile purposes. The Convention also committed its parties to negotiate a similar agreement on chemical weapons.

The objective of banning chemical weapons has been an important aspect of Britain's disarmament policy since then. Britain has had no chemical weapons of its own since the 1950s (see below), and the United States stopped production of such weapons in 1969; the Soviet Union, however, has an estimated 300,000 tonnes of chemical weapons, and only announced that it had ceased production in April 1987.[2]

In 1975 Britain tabled at the Conference of the Committee on Disarmament at Geneva a draft treaty banning the development, production and stockpiling of chemical weapons, and since 1981 it has put forward a number of other proposals at the 40-nation Conference on Disarmament which is continuing the negotiations. These proposals are mainly on various aspects of verification (see pp 255-6, 1987), including measures to ensure the non-production of chemical weapons, measures for challenge inspection in case of doubts on compliance (see pp 79-80, 1984, and pp 260-2, 1986), and measures to prevent the misuse of civil chemical facilities (see pp 103-4, 1985) and the diversion of certain industrial chemicals to illicit military use (see pp 126-7, 1983). The importance of securing an early agreement, as well as the danger of proliferation, has been highlighted with the continuing use of chemical weapons in the Iran-Iraq war.[1]

Past Production of Chemical Weapons in Britain

In the paper giving details of the past production of chemical warfare agents in Britain, presented at the Conference on Disarmament on 10 August, Britain suggests it may be useful to the current negotiations for it to present information on its past arrangements for the production of chemical warfare agents and on its experience in dismantling production facilities. From 1938 to 1942 seven factories were set up in Britain which, with a Government research establishment, produced about 60,000 tons of mustard gas and other toxic agents. Except for some small quantities for research, the mustard gas agent was destroyed or disposed of in the late 1940s and early 1950s, while all the factories were held on a minimum-care-and-maintenance basis and then later disposed of.

After the second world war, the only preparation of chemical weapons agents took place during 1954-56 at a Government establishment at Nancekuke in Cornwall, where a complex had been built between 1951 and 1953. Previously, Nancekuke (an airfield converted in 1950) had been used as a pilot plant to establish the feasibility of producing a nerve agent, but all activity was essentially experimental and no new chemical munitions or agents entered service. The aims of the new complex were to find out data for the design of a larger-scale production facility (which was never built) and to study shelf life of the bulk agent, which research there established to be about 20 years. A total of 20 tons of the nerve agent was produced in the next two years, the majority of which was destroyed in line with the

[1] On 8 September, the first of the cruise missiles deployed in Britain from 1983 were withdrawn to the United States where they are to be eliminated under the Soviet-US treaty.

[2] In view of the Soviet stock of chemical weapons, NATO agreed in April 1986 that the United States begin a first stage of a plan to modernise its limited stock of chemical weapons with the production of binary munitions. (A binary agent is of relatively low toxicity, but when mixed with another, different binary agent becomes supertoxic.)

[1] In addition to the use of chemical weapons in the Gulf conflict, there were also allegations of their use in Afghanistan, Cambodia and Laos, and these were the subject of a United Nations investigation in 1982.

decision taken to abandon Britain's offensive chemical weapons capability; only research quantities were kept and these were transferred to the Chemical Defence Establishment at Porton Down in Wiltshire. No other nerve agents were produced in other than research quantities, and although an experimental weapon-charging facility to handle artillery shells was installed it was only used with stimulants and no weapons were charged with any nerve agents. The pilot plant at Nancekuke was decontaminated and not used further, while the site was needed between 1956 and 1976 for a variety of tasks in connection with Britain's research programme and work on protective equipment.

From 1976, when Nancekuke was closed, the site was cleared of all chemical activity and the pilot plant was dismantled completely after further systematic decontamination. The British paper points out that representatives of 19 governments from the Committee on Disarmament accepted Britain's invitation in 1979 to inspect the process of dismantling, which was completed in 1980 when the site reverted to use by the Royal Air Force.

Alleged Use of Chemical Weapons

Britain's second paper, tabled at the UN Secretary-General's Group of Experts meeting in Geneva on 15 August, concerns procedures for the investigation of allegations of the use of chemical or biological weapons, and follows a UN General Assembly resolution in November 1987. An investigatory procedure, worked out in 1983 and 1984, has been invoked on a number of occasions, most recently in July 1988 in Iran and Iraq (see pp 253-5, 1987), and reports on these investigations underline the need for a review of the existing machinery for investigation by UN teams of the use of chemical weapons in order to ensure the timely presence of experts at the site of alleged attacks, a recommendation Britain endorses. When the Foreign and Commonwealth Secretary, Sir Geoffrey Howe, spoke at the UN Special Session on Disarmament in New York in June,[1] he proposed that procedures should be agreed without delay for investigating automatically allegations of chemical weapons use, and that these investigations should be undertaken as a matter of routine and without getting entangled by political considerations.

Britain believes that such an automatic procedure would circumvent the need for a political decision to investigate each time an allegation of use of chemical (and biological) weapons is made, enable more accurate and conclusive evidence to be collected, provide a more concrete basis for an international response against states violating the 1925 Geneva Protocol or other relevant international obligations, and so deter the use of such weapons. Clear guidelines for UN member states wishing to highlight reports of their possible use would both enable rapid arrangements to be made to carry out the necessary investigations and deter unfounded or frivolous allegations. Allegations should include date, time and exact place of alleged use; a description of the method of delivery and the type allegedly used; a description of injuries suffered and damage done as a result of the alleged use; and an assurance that any UN team of experts would be received by the reporting state and would be given access to any evidence.

[1]The Third UN Special Session took place between 31 May and 25 June 1988.

Iran-Iraq War

Chemical weapons have been employed on several occasions since 1984 in the war between Iran and Iraq that broke out in 1980; a cease-fire came into effect on 20 August (see pp 267-8). In March 1984 and April 1985 experts sent to Iran by the UN reported that chemical weapons – mustard gas and nerve agents – had been used against Iranian forces; another team of experts sent to Iran in February and March 1986 again reported the use of chemical weapons and identified Iraq as responsible (see p 401, 1984, and pp 88 and 260, 1986). The reports of further UN teams sent to both Iran and Iraq in April/May 1987 and March/April 1988 confirmed the use of these weapons in the conflict. In 1987 the specialists' report found that chemical weapons were being used against Iranian forces by Iraq, causing injuries to civilians in Iran, and that Iraqi forces had also sustained injuries from chemical weapons. The report of April 1988 gave evidence that chemical weapons were being employed more intensively than previously, leading to an increased number of civilian casualties. Allegations have also been made by Iran and by the Kurdish Democratic Party (a movement for Kurdish autonomy) that Iraq has used chemical weapons in attacks against civilians in Kurdish villages in both Iran and Iraq, particularly during 1988. These attacks have continued since the August cease-fire.

The UN Security Council, which numbers Britain among its five permanent members, has repeatedly condemned the use of chemical weapons in the war. The most recent condemnations have been resolution 612, adopted unanimously in May 1988 following the UN experts' report in April (see p 268), and resolution 620, also adopted unanimously on 26 August. Resolution 620, which was sponsored jointly by Britain and the Federal Republic of Germany, followed another report by a UN team that visited Iran and Iraq in early July. In their report on their visit to Iran the specialists recorded the continued use of chemical weapons by Iraq against Iranian forces on an extensive scale; it was also clear that their use had intensified and become more frequent. The team confirmed the use of mustard gas, but was not able to confirm the use of nerve gas or cyanide, because traces of these disappear rapidly. In Iraq, the team reported the presence of mustard gas, but this had been very limited in its intensity and effects. In both reports, the specialists called for a review of the UN's machinery for verification of the use of chemical weapons in order to ensure the timely presence of experts at the site of alleged attacks.

In resolution 620 the Security Council expressed its deep dismay at the continued use of chemical weapons in the Iran-Iraq war and at their more intense and frequent use against Iranians. It condemned the use of such weapons in violation of the 1925 Geneva Protocol and in defiance of resolution 612, and urged the UN Secretary-General to carry out prompt investigations of allegations by any UN member state concerning the possible use of chemical or biological weapons in violation of the 1925

Geneva Protocol. The Security Council called on all states to apply strict control of chemical products that could be used in making chemical weapons, and decided that in the event of any future use of such weapons in violation of international law, it would consider taking 'appropriate and effective measures in accordance with the Charter of the United Nations'.

Britain is among the many individual countries that have expressed their unreserved condemnation of the use of chemical weapons in the Iran-Iraq war, as has the European Community. In April 1984 Britain imposed controls on the export of certain industrial chemicals capable of being used in the production of chemical weapons (see p 89, 1986), and many other countries have introduced similar controls. Several countries, including Britain, have requested the UN Secretary-General to send a team to Turkey and Iraq to investigate the recent allegations that Iraq has used chemical weapons against the Kurds.

British Overseas Aid in 1987

Gross British public expenditure on overseas aid in 1987 was £1,283 million: of this £744 million was bilateral aid, providing assistance to long-term development mainly in poor countries in Africa and south Asia; and £540 million was channelled to multilateral aid agencies.

Forecasts for the period 1988-89 to 1990-91 for the aid programme were revised by the Government's 1987 review of public expenditure[1] and, compared with the original 1987-88 budget of £1,235 million, provide for increases of £72 million, £140 million and £185 million respectively during these years, which means that the aid programme will grow in real terms.

Full details of the aid programme were published in July in *British Overseas Aid 1987*, which is summarised below.[2]

INTERNATIONAL TRENDS

The period covered in the ODA's annual review was as a whole better for Africa than 1986, with improved weather, an expansion of food production and more than 20 countries pursuing reform policies aimed at changing the structure of their national economies in order to promote faster development. However, the rise of populations there also meant that growth was not enough to improve average living standards, with incomes per head probably lower by about 1 per cent, the seventh successive year of decline. Many countries in Africa and Latin America also saw little relief in their debt problems. Asia, on the other hand, continued to reap the benefits of consistently good economic performance, growth averaging over 6 per cent for the fifth year in a row.

In April 1987, at a meeting of the World Bank and the International Monetary Fund (IMF), Britain proposed a three-point plan to support the very poorest, most heavily indebted countries in sub-Saharan Africa pursuing economic reform programmes agreed with the IMF and the World Bank: this would involve the conversion of aid loans into grants by creditor nations, longer repayment periods in the rescheduling of official debts, and reductions by the creditor countries of interest rates on rescheduled debt to well below market levels (see pp 256-7, 1987).[1] Progress has been made on the first two suggestions, with a number of other countries joining Britain in providing debt relief on aid loans; the Paris Club has agreed to extend repayment and grace periods for ten countries,[2] and at the Toronto Economic Summit in June 1988 (see pp 232-5) it was agreed to ease the debt service burden of the poorest sub-Saharan African countries pursuing economic reform. In addition, the IMF has expanded its Structural Adjustment Facility to provide an extra $6,000 million of new lending for the poorest countries at very concessional interest rates; and the World Bank and many bilateral donors also agreed to increase co-financing of African adjustment programmes.

Total net official development assistance (oda) flows[3] in 1987 from all sources rose from $47,000 million in 1986 to $50,600 million, a rise of $3,650 million; within this figure, oda flows from members of the Development Assistance Committee (DAC) of the Organisation for Economic Co-operation and Development (OECD) rose from more than $36,653 million to a total of $41,200 million (0·34 per cent of gross national product – GNP – for these countries as a group), while those from Arab countries fell by just over $1,230 million (from £4,427 million to £3,290 million). Aid from the Soviet Union and its East European partners rose by 11 per cent (from £4,751 million to £5,250 million), with 80 per cent of this going to Vietnam, Cuba and Mongolia.

In 1987 Britain's net official development assistance was £1,151 million, equivalent to 0·28 per cent of its GNP, and represented the seventh largest aid programme among Western donors. Private flows from Britain (£139 million) fell sharply compared with 1986 (see p 257, 1987); net banking was negative and there was a more modest reduction in direct investment. Net contributions by British voluntary agencies increased from £119 million in 1986 to £135 million. Net private and official flows amounted to 0·35 per cent of GNP.

[1]Public expenditure on overseas aid, the main British concept for reporting aid flows, is made up of expenditure by the Overseas Development Administration, funds drawn from the Commonwealth Development Corporation's past earnings and small amounts paid to international organisations by other government departments.

[2]*British Overseas Aid 1987*. Annual review of the work of the Overseas Development Administration. HMSO, £7·95. ISBN 0 10 902500 30 9.

[1]Britain is now helping 13 countries in sub-Saharan Africa under the policy of retrospective terms adjustment (RTA) at a total cost to the aid programme of £245 million. Under RTA, introduced in 1978, Britain agreed to remove the burden of outstanding aid loans made to the poorest countries by waiving its claim to further repayment of principal and interest. In all, 22 of the poorest developing countries have benefited from RTA, at a total cost to Britain of £1,000 million. Other aid donors have been taking similar action.

[2]Established in 1956, the Club is an *ad hoc* group of creditors (principally major industrial countries) which renegotiates the terms of debt (mainly export credit loans) owed to government creditors. Since 1956, the Club has carried out 130 reschedulings for 46 countries, covering over $90,000 million outstanding debt. The bulk of this has been undertaken since the emergence of widespread debt problems in the early 1980s.

[3]Official development assistance is an international reporting concept and comprises official aid flows having a grant (concessional) element of 25 per cent or more, and other official flows.

BILATERAL AID

During 1987 125 countries received British bilateral aid, with 60 per cent of this going to 10 countries. Reflecting the policy of focusing aid primarily on the poorest countries, over 80 per cent of the total was provided mainly to those countries in Africa and south Asia with an average income of less than $800. Aid to these countries is provided on grant terms. Developing Commonwealth countries received 70 per cent of bilateral aid, sub-Saharan African countries 48 per cent, and countries in Asia 36 per cent.

While project aid (£193 million) was the largest form of financial aid to individual countries (there were nearly 480 projects in hand in 1987), programme aid for essential imports – usually to countries pursuing adjustment programmes with the IMF and the World Bank, mainly in sub-Saharan Africa – increased to £71 million in 1987. In addition, Britain pledged a further £250 million for over three years to assist the poorest and most heavily indebted sub-Saharan African countries. Technical co-operation – mainly manpower assistance and training – totalled £319 million, 43 per cent of bilateral assistance.

Efforts to increase the effectiveness of Britain's aid continued during 1987 by linking assistance more closely to structural adjustment programmes, by improving procedures for more rapid and effective procurement and achieving better value for money on aid-financed goods and services, and by further strengthening project aid procedures to take better account of environmental and social factors.

Country Programmes

While Africa and Asia received most of Britain's bilateral aid in 1987 (£293 million and £203 million respectively), other regions also received substantial aid, including the Caribbean and Latin America (£50 million), the Pacific (£25 million) and the Middle East (£12 million). A total of £146 million was also spent on aid that could not be allocable by region. The following section gives examples of projects assisted by Britain in Africa and Asia, which together account for about 83 per cent of aid allocable by region.

Africa

British bilateral aid to Africa south of the Sahara reached £284 million in 1987. Kenya received the largest share of Britain's assistance in the region, about £27·8 million. An agreement for a new grant of £50 million for capital projects and technical co-operation in agriculture, energy, transport, education and public sector management was signed in March 1987, while another agreement was reached on an agricultural research programme costing £7 million; a pledge of £1 million towards the fight against AIDS was also made. Work started on the construction of a new hospital at Isiolo, a road maintenance programme and the third stage of a project to rehabilitate a Land-Rover plant.

In addition to pledging a further £20 million of programme aid (including £5 million in association with the World Bank's Special Africa Facility – see p 303) to continue support of Ghana's economic recovery, Britain helped in the rehabilitation of key sectors of Ghanaian infrastructure by improving water supply in Kumasi at a cost of £3·3 million and providing £2·7 million for the rehabilitation of Tema power station. A team of consultants has been assisting in major reforms to Ghana's civil service. Total British aid to Ghana was over £20 million in 1987.

Britain's aid programme in Malawi (£24·9 million in 1987) is aimed at improving production capacity (especially in transport), tackling manpower shortages and promoting general development. Current projects involve the rehabilitation of roads, rebuilding Land-Rovers and assisting railways. More than 200 British experts have also been provided, mainly in education, public administration, engineering and agriculture; in addition, 250 training places for Malawians in Britain were made available.

Reflecting Britain's strong support for Mozambique's efforts to reform radically its economy, British aid grew from £8·4 million in 1985 to nearly £23 million in 1987. It included grants of £5 million to be spent on projects aimed at the rehabilitation of the country's basic infrastructure; and £15 million for essential imports for agriculture (particularly for export crops such as cotton and cashew), for transport and for light industry. Much of Britain's aid is channelled through the Southern African Development Co-ordination Conference, in projects designed to help re-establish the railway routes from Zimbabwe and Malawi to the sea; the major British involvement is with the Limpopo railway (to which it has committed £14 million).

Britain's aid programme to Sudan, which was over £20 million in 1987, emphasises rehabilitation and development in agriculture (such as irrigation, fisheries, forestry, livestock and watering points for animals and humans); Britain also continued its technical support for the power sector there. Assistance to education, especially English language teaching, also increased during 1987 and there was a rise in the number of Sudanese students coming to Britain for training under the technical co-operation programme.

In 1987 aid worth nearly £10·4 million went to Uganda, which had been disrupted for many years by civil war and economic uncertainty; following the improvement in the political situation and the announcement of economic reforms agreed with the IMF, a pledge of £25 million over two years in balance of payments support was made, consisting of spare parts and raw materials to regenerate agriculture, industry and transport, while money was provided for the rehabilitation of Mulago Hospital and the police training school and college. In addition, management support and training through technical co-operation aid is being provided for health, education and public administration.

An increasing emphasis in Britain's aid to Zambia, over £24·8 million in 1987, has been on technical co-operation, mainly the provision of more than 200 experts in areas such as education, health, agriculture, public works, engineering and public administration. The ODA is also involved in giving technical co-operation and capital aid to two rural locations to strengthen the efforts of local councils to become more self-sufficient. Aid to Zimbabwe during 1987 (just over £12·2 million) continued to

centre on rural development and resettlement, including a total of 43 resettlement schemes, while a new grant of £10 million was announced, including £2·5 million to help in the supply of much needed parts and components.

Britain's commitments for regional projects sponsored by the Southern African Development Co-ordination Conference – an organisation of nine states which co-ordinates plans and projects aimed at reducing dependence on South Africa and encouraging regional trade (see pp 46-7)[1] – amount to £45 million, of which £26·4 million is for the rehabilitation of railways linking Zimbabwe and Malawi to the sea via Mozambique (the Limpopo railway) and Tanzania (the Northern Transport Corridor).

Asia

British bilateral aid to Asia was £203 million. The largest recipient continued to be India, with some £78·4 million. The main focus is on support for key industries to help maintain India's economic growth, on the transfer of skills and technology, and on the direct alleviation of poverty. British-aided projects include continuing support for the power station at Rihand and the captive power plant for the Bharat Aluminium Company's smelter at Korba. A grant of £3·2 million was agreed to finance the installation of three new turbo-generators for a hydroelectric project in Andhra Pradesh, and work began on a project, costing £73 million, to develop a zinc and lead mine and smelter in Rajasthan.

Under projects designed to have a direct impact on poor people, an agreement for the second phase of the Indo-British Fertiliser Education Project, worth £24 million, was signed in 1987 to help small and marginal farmers in eastern India to increase their production, and a grant of £9 million was announced for a project to improve slums in the eastern port city of Visakhapatnam. Assistance continued to social forestry in Karnataka, family welfare in Gujarat (which provides primary health care services, particularly to poor mothers and their children) and slum improvement in Hyderabad; other plans include further slum improvements, a new agricultural education project in non-irrigated areas and an extension of the family welfare project in the state of Orissa.

Energy, communications, health and natural resources were the key sectors in Britain's aid of £34·8 million to Bangladesh in 1987, including power transmission and distribution in Greater Dhaka, the provision of bridges and the development of gas reserves; the ODA is also co-financing with the World Bank a project aimed at encouraging family planning and improving maternal and child health. Britain is also committed to providing a further £20 million-worth programme aid, and £11 million for a second phase of the Greater Dhaka power project.

Part of Britain's aid to Nepal (which was £10 million) was for the latest phase of a programme of assistance to rural development in the Kosi Hills region in the east of the country. The construction of a forest research and information centre in Nepal's capital was also completed. An extra £3·3 million (bringing the total grant to £13·1 million) was made available so that work on roads and their repair could continue.

Much of Britain's aid to Pakistan (£22·4 million) is concentrated on water management and irrigation projects, among the largest being the Left Bank Outfall Drain in Sind (co-financed with six other donors), Drainage IV in Punjab (co-financed with the World Bank and the Netherlands), and rehabilitation of the gates of the Sukkur Barrage in Sind. Another important focus of British aid is power, and in 1987 a major consultancy was set up to help design improvements in the efficiency of existing thermal generating stations. Other British-funded studies which could lead to future projects covered the rehabilitation of the Kotri Barrage near Karachi, the hydropower potential of the Jinnah Barrage in Punjab and the sewage treatment needs of Lahore. New educational projects include the development of links between universities in Pakistan and Britain, and a programme to improve study facilities for the deaf.

In Sri Lanka, which received over £18·6 million of British aid, two new projects began in 1987 in the capital, Colombo: one involves a British contribution of £10·3 million for the reconstruction of two major roads, and the other (to which Britain is contributing nearly £8·8 million) is a World Bank plan to improve the power distribution network. Britain also pledged up to £20 million to implement a World Bank reconstruction programme.

The People's Republic of China also received British aid in 1987, more than £4 million, mainly educational and Aid and Trade Provision aid, including a project to supply two container ships, to be financed under the 1986 Sino-British agreement (see pp 220-1, 1986) which provides for concessional loans of up to £300 million. Under the Sino-British Friendship Scholarship Scheme, also established in 1986, the first 30 Chinese scientists came to work in Britain, while a further 370 postgraduates (including some attached to British firms) came under technical co-operation training programmes.

Aid by Sectors

Britain provides assistance in the development of economic and social infrastructure, particularly in the fields of energy, communications and water and sanitation, the focus in 1987 being on the more efficient use of existing assets rather than on new construction. In 1987, Britain spent £193 million on project aid, including £39 million on energy, £35 million on mining and £34 million on roads and other transport and communications; £25 million was spent on renewable natural resources and £20 million on social and community services (urban housing, water supply and sanitation). Another £37 million was unallocable by sector.

Education and Training

During 1987 Britain sent education advisers to 31 developing countries to appraise and monitor technical co-operation projects from primary to university levels. In Jamaica a new textbook rental scheme for secondary schools is being implemented with the help of two specialists paid by the ODA; in addition, the project is being funded by a new interest-free loan of £7·5 million. Other schemes include a new initiative in Malawi, aimed at

[1]Its members are Angola, Botswana, Lesotho, Malawi, Mozambique, Swaziland, Tanzania, Zambia and Zimbabwe.

providing 32 man-years of education training; and the provision of £5 million toward a £7·5 million project to provide 200 Jordanian secondary schools with 2,000 computer systems.

Support for training, which continues to be a priority in the British aid programme, comes mainly from the Technical Co-operation Training Programme (TCTP), the Commonwealth Scholarship and Fellowship Plan (CSFP) and the ODA Shared Scholarship Scheme. A total of £65 million was spent on 11,500 training awards (about half of them new ones) under the TCTP, and £7 million on 700 awards under the CSFP. In addition, 146 new awards were made in the year under the ODA Shared Scholarship Scheme, while a further 150 awards are being offered in 1988 and for each of the following two years. A new scheme was introduced in 1987 for black students in South Africa to study in Britain at undergraduate and postgraduate levels; Britain is to provide about £20 million over the next four years for this as part of its continuing efforts to create conditions in South Africa which could promote a dialogue leading to peaceful change there.

The Environment

The importance of the environment in development programmes was highlighted when the report of the World Commission on Environment and Development (the Brundtland Report) was published in 1987. Three of its recommendations were that bilateral donors should ensure that all projects support sustainable development; help restore, protect and improve the ecological basis for development; and strengthen the institutional and professional capacity to undertake these tasks (see pp 305-9). The ODA's policy (see pp 155-8, 1987) already was that all projects should be appraised for their environmental impact, the extent of the analysis being linked to the severity of possible problems; the ODA has long been concerned with the restoration, protection and improvement of the ecological basis for development, and has increased expenditure on renewable natural resources projects by 75 per cent and on forestry projects by threefold in the five years to 1986.

Following an innovative project to protect the Korup rainforest in Cameroon, British support was given to a project by World Wide Fund for Nature (UK) in the Kafue Flats, an internationally important wetland in Zambia. Elsewhere, assistance was given to three research schemes studying the effects of pollution on coral reefs and mangrove swamps.

Health and Population

During 1987 the ODA's health and population advisers visited 16 countries to identify, appraise and monitor a wide range of projects, while also strengthening the primary health care focus of existing programmes and identifying new projects. In some of these countries, they undertook a review of current activities, examined the problems and issues of the health and population sector and developed a detailed strategy for future assistance, using specialists from outside organisations such as the Liverpool School of Tropical Medicine, the London School of Hygiene and Tropical Medicine, the Save the Children Fund and the University College of Swansea's Centre for Development Studies.

ODA advisers were also involved in a number of multi-sectoral activities, working alongside social development and engineering specialists in formulating health components in a series of slum improvement projects in India which will improve the delivery of primary health care services to the urban poor; and reviewing projects developing cheap rural and urban sanitation facilities in Lesotho. New assistance during 1987 included a joint project with the UN Fund for Population Activities in improving reproductive health services in Pakistan with the aim of reducing the high levels of maternal and infant mortality and morbidity, and funds for research in easier and improved ways of recording maternal mortality in The Gambia. Britain also pledged £7 million to the World Health Organisation's special programmes, including a £3 million donation to its global AIDS prevention and control programme (see pp 76-7, 1988).

Renewable Natural Resources

Forests play a vital role in national economies and land-use systems throughout Africa, and the ODA is participating in a plan to solve the problems of deforestation in, among other countries, Cameroon, Ghana, Guinea, Kenya and Sudan. Small-scale fisheries, too, are important since they influence protein supplies locally as well as providing employment and income; a new phase of a project assisting coastal artisanal fishermen in Sudan began with the commissioning of fishing vessels supplied by the ODA, and in Tanzania greater support was given to aquaculture in the Lindi/Mtwara regions. Support to national research institutions continued, including an offer to increase substantially the number of specialists working in crop and animal research in Cameroon in co-operation with the World Bank and other organisations, and help to establish a multi-donor programme of assistance to Kenya's Agricultural Research Institute.

In Asia, British aid focused on irrigation projects, the main targets being the development of groundwater resources and the improvement of crop production systems through more efficient use of irrigation water. Where appropriate, emphasis was also placed on the improvement of rain-fed farming systems and post-harvest activities. Other projects ranged from a joint project with India aimed at bringing improved agricultural technology to small and marginal farmers, to studies in Indonesia of the biology of the insect carrier of a serious bacterial disease of cloves.

MULTILATERAL AID

Most of Britain's multilateral aid, which reached £540 million in 1987 (amounting to 42 per cent of its total aid), is given through the European Community and the World Bank. Other channels are the United Nations agencies, Commonwealth programmes and the regional development banks and funds.

European Community Aid

The largest element in Britain's multilateral aid programme was its £239 million contribution to European Community aid programmes. This included over £94 million to the European Develop-

ment Fund (EDF) and £50 million to the Community food aid programme. In addition, the Community agreed to provide grants of £430 million (Britain's share of which was £85 million) and £660 million in loans from the European Investment Bank to Algeria, Egypt, Jordan, Lebanon, Morocco and Tunisia in five-year financial agreements.

During 1987 the Community dispensed 1,520,000 tonnes of cereals, 94,500 tonnes of dried skimmed milk, 34,000 tonnes of vegetable oil and 27,000 tonnes of butteroil to 50 countries. Britain's contribution included 100,000 tonnes of wheat to food-for-work projects in Bangladesh and 20,000 tonnes of maize to Mozambique. Altogether some 33,500 tonnes of maize and other cereals were purchased in Kenya and Zimbabwe and sent to neighbouring countries. A new Community regulation, which came into effect in July 1988 (see p 15, 1987), allows the European Community to ensure much better quality and more prompt delivery of food aid.

The Community committed £1,300 million in grants and soft loans from the EDF to cover 250 projects and programmes in African, Caribbean and Pacific (ACP) countries, and a further £193 million was allocated under the STABEX scheme to provide balance of payments support to 27 countries whose earnings from the export (chiefly to Europe) of primary products had fallen in 1986. Some £24 million was granted in short-term emergency aid to help victims of disasters. Of other Community aid, £230 million in project aid went to Asian and Latin American countries mostly for agricultural and rural development, with India, Pakistan and Indonesia being the largest recipients; £69 million was approved for aid projects to Mediterranean countries; and £32 million was provided to European non-governmental organisations for their non-emergency development activities. Another £11·3 million was approved under the Community's programmes of positive measures for victims of apartheid.

World Bank Group

Britain is a member country of the World Bank Group, which includes the International Bank for Reconstruction and Development (IBRD) and the International Development Association (IDA). The IBRD, borrowing directly from international capital markets and from governments, lends money on near-commercial terms mainly to developing countries. The IDA is the soft-lending arm of the IBRD, and provides concessional loans to developing countries unable to service loans on commercial terms; its resources are replenished by richer members of the World Bank Group at roughly three-year intervals. Britain committed the last of three annual instalments of £133·8 million to the IDA in 1987 as part of the $9,000 million Seventh Replenishment; Britain's commitment to the Eighth Replenishment, for the period 1988-90, will be almost £525 million. Britain also committed in 1987-88 £21 million from its pledge of £75 million untied special joint financing to the IDA's Special Facility for Africa,[1] and has made available £250 million over the next three years in association with the World Bank's new co-financing initiative, to provide balance-of-payments support for low-income debt-distressed countries in Africa following agreed structural adjustment programmes.

[1]This facility of £1,300 million, which began in 1986, is designed to provide additional credits in support of adjustment policies being undertaken by member governments in the sub-Saharan region of Africa. Although Britain is not contributing directly to the fund, it has pledged £75 million towards it, which would then be managed by the IDA.

Regional Development Banks and Funds

Britain contributed nearly £30·5 million in 1987 to the regional development banks covering Africa, Asia, the Caribbean and Latin America. The banks raise money in the world's financial markets in order to lend to more creditworthy developing countries at near commercial rates of interest. Britain committed £58 million to the fifth replenishment of the African Development Fund and also agreed that the capital of the African Development Bank should be trebled, to £12,244 million, which would facilitate a lending programme of between £3,800 million and £4,900 million between 1988 and 1991. Britain is also to contribute more than £95 million to the fourth replenishment of the Asian Development Fund. The Caribbean Development Bank's resources were increased when Britain and other countries pledged $130 million.

United Nations Agencies

Of Britain's contributions to the United Nations agencies in 1987 the largest was £23 million given to the United Nations Development Programme, reflecting the importance Britain has placed on the agency as a UN central funding and co-ordinating mechanism. Direct contributions to UN development agencies in 1987 reached nearly £82 million (including £12 million to the UN Children's Fund and £14·8 million to the UN High Commissioner for Refugees).

With other UN member countries, Britain continued to press for improvements in the operations of special agencies and other UN bodies, in particular the Food and Agriculture Organisation (see pp 406-8, 1987). In addition to the funds made available to the UN development agencies, Britain also contributed nearly £18 million to other UN agencies' technical co-operation activities.

The Commonwealth

Britain gives substantial support for Commonwealth schemes. Normally, Britain pays 30 per cent of the regular income of the Commonwealth Fund for Technical Co-operation, but because of the financial difficulties encountered by smaller donors and the need for predictable support from major donors, Britain paid £7·5 million in 1987 irrespective of contributions by others, on the basis that if this exceeded 30 per cent an adjustment would be made in later years. A sum of £250,000 was also given to the Commonwealth Youth Programme to cover 30 per cent of its annual expenditure.

OTHER AID PROGRAMMES

Emergency Relief

While British aid is primarily devoted to long-term economic and social development, it also has to be able to respond quickly to assist disaster victims and refugees, and this task is handled by the ODA's Disaster and Refugee Units. Appeals for and responses

to disasters in 1987 were higher than in 1986 (when they had been almost double those of 1985), partly because of a continuation of the effects of the 1984-85 African famine, the first signs of a new drought in Ethiopia, Sudan and Botswana and the effects of increased incidence of civil strife.

A total of 92 responses were made in 1987 to a wide range of appeals, involving cyclones and typhoons in the Pacific (Cook Islands, Fiji, Vanuatu and the Philippines), locusts in sub-Saharan Africa (Somalia, Sudan, Niger, Senegal and Cameroon) and earthquakes (Ecuador). Responding to Ethiopia's continuing famine and drought, Britain committed over £29 million for famine relief during the year, including 54,500 tonnes of food aid, half of which was delivered by January 1988; £2 million towards the UN airlift of food; a £2 million contribution to an appeal by the Disasters Emergency Committee;[1] and Britain's share of European Community food and emergency assistance (see p 270 fn 1). Britain also provided technical co-operation and famine rehabilitation, including a well project in Welo province costing £1·25 million, designed to improve water supply. Some £2 million was provided for disaster relief in Sudan, which included the supply of 20 trucks for food distribution in the south of the country, logistical support for the anti-locust campaign, and assistance for displaced persons.

In 1987 India suffered one of the worst droughts in recent years; Britain committed £3 million to the UNICEF/Indian Government water and sanitation programme. Responding to serious floods in Bangladesh (see also p 310), Britain made available £10 million of food aid and gave financial assistance to voluntary organisations both to provide urgently required food, seeds and shelter and to help meet longer-term rehabilitation. Britain also joined other donors in the task of relief and reconstruction following the disturbances in the north and east of Sri Lanka. A British grant of £1·5 million was used to buy urgently needed vehicles and equipment and to support relief programmes being run by the Save the Children Fund and Oxfam.

In 1987 Britain provided about £33 million towards the resettlement and welfare of an estimated 12 million refugees, mainly through the United Nations High Commissioner for Refugees (£14·8 million). The British contribution (£3·5 million) towards the agency's general programme provided support both for its work in voluntary repatriation (normally the ideal solution) and for its long-term help to refugees where they have settled; another £11·3 million went to the agency's special appeals, 60 per cent of which was to help African refugees. A further £5 million was directed to other agencies aiding Afghan refugees in Pakistan and £5 million to the United Nations Relief and Works Agency for its work with Palestinian refugees.

Research and Development

ODA-financed research and development (R & D) provides new knowledge and techniques to assist economic and social progress in developing countries. Priority in this field is given to projects which will especially benefit the poor countries, in particular their rural areas. In 1987 £24 million was spent on R & D, with activities being carried out by the ODA's Overseas Development Natural Resources Institute (ODNRI), universities and research establishments in Britain and overseas.

Among ODNRI's current work is professional support to a team which is investigating water-use efficiency in Botswana under traditional farming practices and exploring methods for increasing agricultural production. In another, designed to combat pests such as locusts, armyworms and brown planthoppers, the ODNRI is using radar to gain information on the mobility of insects and the environmental factors which influence them; funds have been made available to study the insect carriers of plant diseases, and this has allowed work to be started with French specialists in Ivory Coast on an analysis of the whitefly which transmits a virus to cassava, an important tropical root crop for more than 500 million people. Another ODNRI project has been the development and testing of a technology for small-scale extraction of oil from oilseeds in rural areas which makes oil more available for isolated rural populations but also promotes agro-industrial development.

The ODA provides financial support to about 30 scientific and technological establishments in Britain in specialist fields which are in constant demand in running aid programmes in poor countries. A grant of £839,000 went to the Centre for Tropical Veterinary Medicine, part of Edinburgh University, which has been able to produce a vaccine against a form of fever in livestock, and is now working on bovine cysticercosis which it is hoped will lead to the commercial production of a vaccine. The Tsetse Research Laboratory, established by the ODA at Bristol University, has been given funds (£302,000 in 1987) for its work in identifying more environmentally benign methods of controlling tsetse-borne diseases.

The ODA also commissions research, with special attention given to enhancing the productivity of renewable natural resources in developing countries on a sustainable and environmentally sound basis. Significant progress is being made in two areas where research is been commissioned, namely weed control and tropical forestry. The first concerns parasitic weeds such as Striga, and the ODA-funded research at University College London has demonstrated the effectiveness of anti-transpirants as a control method. Work continues on the search for cheap and naturally occurring compounds in developing countries. At the Oxford Forestry Institute, the diversity of tropical pine resources in Central and South America is being evaluated and new economically viable species have been produced which are now being introduced in Africa and Asia.

In 1987 Britain increased its support for the Consultative Group on International Agricultural Research, contributing £6·28 million to 12 of its 13 research centres.

During 1987 the ODA also spent £13 million on research for individual countries, including a forest research project in Nepal, a meat species identifica-

[1]Established in 1964 to co-ordinate fund-raising and the despatch of relief in the event of major disaster overseas, the Committee comprises the British Red Cross Society, the Catholic Fund for Overseas Development, Christian Aid, Help the Aged, Oxfam and the Save the Children Fund. For further information, see the COI reference paper, *British Emergency Relief Aid*, No 195/86.

tion project in India and the second phase of a drip irrigation project in Mauritius. A further grant of £7 million was approved for agricultural and forestry research based at the Kenya Agricultural Research Institute, in the form of link arrangements with British scientific institutions.

Aid and Trade Provision

The Aid and Trade Provision (ATP) scheme is designed to assist British exporters to win sound investment projects in creditworthy developing countries, enabling them to compete on equal terms with foreign companies which receive the benefit of soft financing packages offered by their own governments to recipient countries. This assistance is provided on a government-to-government basis, in the form of mixed credits (where ATP grants are associated with export credits made available by the Export Credits Guarantee Department) or soft loans (where the ATP grant is used to enable banks to provide long-term low-interest loans to recipient countries for specific projects agreed with the British Government). ATP expenditure in 1987 was just over £30 million, and 18 new agreements with a total value of £183 million were signed. ATP grants are also used to fund technical co-operation activities and 14 such projects were agreed in the year.

Consultancies

Britain is one of the major international sources of consultancy expertise, providing between July 1986 and July 1987 nearly 17 per cent of the consultancy services used by the World Bank in both the private and public sectors. About 700 consultancy firms are registered with the ODA as eligible to undertake aid-financed work. During 1987 the ODA concluded contracts for 162 new assignments (worth £35 million) from technical co-operation funds and 443 existing contracts were extended or amended (worth a further £15 million). Major new commitments ranged from projects to improve roads and bridges in Bangladesh and Sri Lanka to projects for power efficiency in Pakistan and for rural development in Nepal.

Voluntary and Other Non-Governmental Organisations

During 1987 Britain increased its grants to non-governmental organisations by 14 per cent to £9·7 million. Of this £6·6 million was allocated under joint funding schemes under which the ODA provides half of the costs of agreed long-term development projects of British organisations. Most of the joint funding grants (nearly £4·3 million) went to the four major bodies – the Catholic Fund for Overseas Development, Christian Aid, Oxfam and the Save the Children Fund – for work on 722 projects in 59 countries, while the balance of £2·3 million was spent on co-funding over 100 projects with 50 smaller organisations. The projects included women's community development in Sudan, a locust control programme in Chad, latrines and improved sanitation in Peru and an educational comic in Kenya. Others ranged from primary health care in the Yemen Arab Republic and a survey of rural employment in Rwanda to the provision of clean water in Tanzania.

In 1987-88 Britain provided over £8·9 million to the volunteer-sending agencies – Voluntary Service Overseas, the Catholic Institute for International Relations, International Voluntary Service and the United Nations Association International Service – which had more than 1,400 volunteers working overseas. These agencies, which depend on the ODA for up to 85 per cent of their income, supply volunteers mainly in education, but also in rural development and in management, finance and production. British Executive Service Overseas recruits experts to undertake short-term assignments in developing countries; the ODA provides up to 75 per cent of its income and made available £300,000 in 1987-88, enabling it to place some 130 executive volunteers overseas. The ODA also assists the Intermediate Technology Development Group (ITDG) which helps to develop and introduce in developing countries appropriate small-scale technologies which will increase the income and skills of the poorer sections of the community. In 1987-88 the ODA gave the ITDG grants of £1·5 million as well as commissions for consultancy work.

Associated Organisations

The Commonwealth Development Corporation[1] invests in public and private sector projects in developing countries in the form of equity and long-term loans, funding its new investments by borrowing at concessional rates from the aid programme, borrowing on commercial terms and using the profits from its investments after taking into account its own debt-servicing obligations. In 1987 it received nearly £40 million in aid loans and made new investments of £67·3 million from its own resources, and at the end of the year had more than £117·7 million of commitments spread across 260 projects in about 50 countries, 88 per cent of which were in Commonwealth countries.

The ODA's share of the Foreign and Commonwealth Office's grant to the British Council (see pp 263-5) was £20·2 million: in addition, it contributed £3·7 million towards higher education and training and paid £15·4 million to reimburse in full the costs incurred by the Council in administering ODA aid programmes.

World Commission on Environment and Development: Britain's View

Britain's support for the call for sustainable development in the report of the World Commission on Environment and Development, *Our Common Future* (see pp 155-6, 1987), was set out in a government response published on 22 July. In many areas the Government is developing long-term policies which will embody the principle of sustainable development. Wealth creation is being encouraged in both the public and private sectors

[1]See COI reference paper *The Commonwealth Development Corporation*, No 249/88. For the Corporation's 1987 annual report, see pp 203-4.

through the development and use of new technologies which are both appropriate and environmentally compatible.

In a foreword to the response,[1] the Prime Minister, Mrs Margaret Thatcher, writes that Britain joined with other governments at the Toronto Economic Summit in June (see pp 232-6) in endorsing the concept of sustainable development, the central message of the Commission's report, which called for environmental considerations to be taken into account in all areas of economic policy-making. She says that the Government's response is intended to inform interested organisations and individuals in Britain, and to stimulate further international consideration of the report, notably within the Organisation for Economic Co-operation and Development (OECD) and the United Nations; it is also intended as a contribution to the Ministerial Conference to be held in Norway in 1990 to examine progress made on these issues.

The response says that the Government first explicitly accepted the principle of 'sustainable development' (or 'development without destruction') in its reply to the World Conservation Strategy in 1986, entitled *Conservation and Development* (see p 202, 1986). However, well before that Britain had introduced land use planning, pollution control and nature conservation legislation and policies to reverse the environmental depredations of the nineteenth and early twentieth centuries. Britain fully intends to continue building on this approach and further to develop policies consistent with the concept of sustainable development.

The Government is committed to the concept of the 'best practicable environmental option' (see p 121) and is working towards the integration of pollution control systems. Many problems identified in the report can realistically be tackled only by the international community as a whole, and the Government attaches great importance to international and regional co-operation. Increasingly much of Britain's law on pollution control, with its greater emphasis on the precautionary approach, is being developed in co-operation with other member states of the European Community and organisations such as OECD and the United Nations and its agencies.

Sustainable Development and Economic Growth

The Government agrees with the report's definition of sustainable development as meeting the needs of the present without compromising the ability of future generations to meet their own needs, but stresses that the key point is how to translate this into practice: international consensus is desirable in order to develop a consistent approach and agreement on what is being achieved. The Government recognises the importance of audits of change in environmental quality and the stock of natural resources as a complement to budgets and economic development plans, and is participating in OECD work on resource accounting. It welcomes the report's rejection of zero growth in both industrial and developing countries and its recognition that it is not just quantity but quality that counts. The report rejects the 'preserve everything' approach to conservation, and in Britain's view this emphasis on selectivity is the most realistic course. Poverty, and the importance of its relief through sustainable growth, is a constant theme of the report; Britain considers that the relief of world poverty is not only a desirable objective but is an important element in the achievement of sustainable development.

The International Economy

In its report the Commission stresses the interdependence between developed and developing countries and the links between commodity, debt and resource problems. Britain agrees that it makes no sense, environmental or economic, to deplete countries' natural resources just to raise funds to repay interest on debt. However, it feels that the Commission may have overemphasised the role of international financial issues, and questions the report's view that the problems are beyond the control of the developing countries or their capacity to influence the situation. Britain welcomes the growing recognition among developing countries that development is a matter of joint responsibility, and believes that there is strong evidence to counter the Commission's assertion that multilateral co-operation on development is in decline.

With regard to debt, Britain has always argued that in certain countries' cases exceptional treatment was needed; in order to help the poorest and most heavily indebted countries in sub-Saharan Africa which are pursuing satisfactory adjustment policies, Britain has taken an initiative to convert aid loans to grants and allowed long repayment and grace periods for rescheduling official loans (see p 227 and p 299). The Government warmly welcomes the agreement reached at the Toronto Economic Summit on providing debt relief for these nations. Britain will continue to contribute to the International Monetary Fund, the World Bank and regional development banks and to support programmes of economic reform, including structural adjustment, in the middle-income debtor countries.

The Government also accepts the need for continued aid flows to developing countries. Britain has a substantial aid programme (see pp 299-305), amounting to £1,300 million in 1988-89, which is planned to grow by some £70 million in 1989-90 and by a further £45 million in 1990-91. However, the Government emphasises that the quality of aid is as important as its quantity, and places great importance on using resources to the best effect; the British aid programme is designed to promote environmentally sound development (see pp 155-8, 1987). Money alone is not enough; policy reform and institutional change are vital, as is the need for projects and programmes to be designed for sustainable development. The Government shares the Commission's view that the multilateral development banks must ensure that their policies promote such development.

In matters of trade, Britain considers that international commodity agreements that provide for market intervention have not worked satisfactorily, tending to distort markets to the ultimate disadvantage of both producers and consumers. In Britain's

[1] *Our Common Future – A Perspective by the United Kingdom on the Report of the World Commission on Environment and Development.* Available unpriced from the Department of the Environment, Room A 305, Romney House, 43 Marsham Street, London SW1P 3PY.

view, commodity-producing countries can best be helped by facilitating structural adjustment to market needs and in particular, as the Commission suggests, by reducing the dependence of a number of developing countries on commodities. The Government agrees with the Commission that such adjustment would be advanced by greater liberalisation of international trade, and fully supports resisting protectionism and keeping markets open, both objectives of the current General Agreement on Tariffs and Trade round of multilateral trade negotiations (see pp 328-9, 1986).

Population and Human Resources

Britain welcomes the report's analysis of population issues, which focuses on the effect of rapidly increasing populations in many poorer parts of the world, and shares many of its conclusions. The Overseas Development Administration (ODA) is giving greater priority to support for primary health care activities, with special emphasis on mother and child health and family planning (see pp 352-4, 1986 and p 302), and support for women's education and improved income-generating opportunities for women are being given greater emphasis within the aid programme.

Britain is committed to open international debate about all aspects of the worldwide problem of AIDS and believes that, in the absence of a vaccine or cure, public education is the most effective way of controlling the spread of the virus. In January 1988 Britain organised in London, jointly with the World Health Organisation (WHO), a World Summit of Ministers of Health on Programmes for AIDS Prevention (see pp 76-7). Britain has so far committed £7·75 million to the work of the WHO's global programme on AIDS and £4·6 million in support of WHO co-ordinated national AIDS control programmes in Africa.[1]

Food Security

The response notes that at a time of urgent need to provide more food in the developing world, other parts of the globe, such as Europe and the United States, are facing problems of overproduction. Britain's view is that to achieve a better balance of supply and demand market forces must be allowed to play a much greater role in the European Community and world markets, and reforms to facilitate this are a prime objective (see pp 205-6). In Britain the Government has introduced a number of measures designed to help farmers look for alternatives to surplus production (see p 240) and to encourage farming practices which have particular regard to the needs of the environment (see p 300, 1986). Britain believes that the problems in world agriculture will best be addressed by lowering support and protection and by liberalising trade. An objective of the British aid programme is to help developing countries grow the food which they need, or to earn the income they need to pay for that food. In the longer term, research into plant breeding, crop protection, processing and marketing has the potential to yield very large returns for both developing countries and their farmers, and the British aid programme is making a large contribution in this area.

[1]See COI reference paper *AIDS Control in Britain*, No 290/87.

Species and Ecosystems

The Commission's report says that species are disappearing at an alarming rate. Britain agrees that there are powerful arguments for action to preserve species and ecosystems. However, the practical difficulties of tackling the problems are substantial and choices have to be made on how to apply the limited resources available. The Government has created a statutory framework of protection for important ecosystems and wildlife within Britain,[1] and a network of Sites of Special Scientific Interest, as well as National Nature Reserves, is being set up so that wildlife habitats and species may be safeguarded. The Wildlife and Countryside Act 1981 provides legal protection for British species of flora and fauna and for habitats. A recent review by the Nature Conservancy Council resulted in the addition of 48 animal and 31 plant species to the lists of those given special protection (see p 420, 1987). There is effective popular support for conservation from a combination of central and local government, non-government organisations, and individuals; membership of British conservation bodies is approximately 3 million people.

Britain has ratified, and is an active participant in, four worldwide conservation conventions – Ramsar, Bonn, World Heritage and Washington – as well as the Bern Convention on the Conservation of European Wildlife and Natural Habitats. Britain works closely with international environmental agencies and its international partners to conserve ecosystems and species in many parts of the world. It shares the Commission's view that the effectiveness of the present international conventions could be significantly enhanced if more countries were to become signatories and that these conventions should be brought into line with the latest technical and scientific information; however, it counsels caution on the proposals for a global species protection convention; its preparation should not dissipate scarce resources already involved in the implementation of existing conventions.

Energy

Britain agrees with the Commission that the achievement of cost-effective improvements in energy efficiency must remain an important objective in all countries; however, it considers that the Commission could have gone much further in promoting the considerable merits of market-based energy pricing policies in stimulating efficiency improvements. Britain remains firmly of the view that fossil fuels will continue to provide a key source of energy in the foreseeable future. Noting the Commission's concern regarding the contribution of fossil fuel combustion to the 'greenhouse' effect, with the consequent risk of global warming and climatic changes, the Government accepts that there is little doubt that man's activities can affect future climatic behaviour. The subject, however, is a complex one involving many contributory factors, with more research being needed to support any policy approach; in Britain's view the emphasis at this stage must be on international scientific co-operation and greater research to improve understanding.

[1]For further information see COI reference paper *Conservation of the Natural Environment in Britain*, No 47/88.

The Government says that, while the Commission was right to draw attention to chlorofluorocarbons (CFCs) as greenhouse gases, it may have underestimated their importance as agents of potential damage to the ozone layer. Britain was one of the first countries to ratify the Vienna Convention for the Protection of the Ozone Layer and took a leading role in negotiating the Montreal Protocol on Substances that Deplete the Ozone Layer (see p 247). British industry is actively engaged in work to identify and test suitable and safe alternatives to both CFCs and halons, as well as examining possible methods of recycling and reclaiming CFCs. The British aerosol industry expects to phase out non-essential CFC use by the end of 1989.

The Government welcomes the attention given to the problem of acid deposition in the Commission's report; in 1986-87 Britain initiated a major programme to reduce power station emissions (see p 334, 1986 and pp 216-17, 1987), and further targets for sulphur dioxide and nitrogen oxide reductions were agreed recently under the European Community directive on the control of emissions from large combustion plants (see p 247). Action is also being taken to reduce emissions from motor vehicles (see p 322). Britain fully endorses the Commission's recommendations on the need for monitoring and research into acid rain, as well as those about mapping sensitive areas. The Department of the Environment is spending over £4·5 million a year on a research programme covering all aspects of the phenomenon of acid rain.

The Government strongly supports the view – implicit in the report – that it is for individual governments to decide whether to undertake policies involving nuclear energy. In its view, nuclear power is the only established and economically viable 'alternative' form of energy capable of continuing to provide energy on a large scale beyond the next century. However, it is imperative, as the Commission points out, that the highest internationally accepted safety standards are seen to be developed and applied to all civil nuclear operations. In Britain nuclear energy has been an important source of energy for many years, in keeping with the Government's strategy of making the best use of available energy sources.

Development of renewable technologies forms an essential element of Britain's energy policy and the Government is supporting comprehensive research, development and demonstration programmes aimed at exploiting the significant renewable sources in Britain (see pp 241-5[1]).

Industry

The Government agrees with the Commission that industry must continue to develop and thrive in all countries; the challenge is to ensure that this development is sustainable. Britain is closely involved through legislation and increasingly with its international partners in a continuous process of developing the standards of environmental protection and the framework within which they are set. It has extensive proposals in hand for improving the standards of protection of land, air and water (including the sea), and the foundations have been laid for an integrated approach to pollution control through the formation in 1987 of Her Majesty's Inspectorate of Pollution (see pp 300-1, 1986). Britain supports the 'polluter pays principle', while accepting that there may be consequences for certain industries which justify government assistance. The Government gives financial support to the Better Environment Awards for Industry and has set up a new Environmental Protection Technology Scheme.

Believing that developing countries should improve their own capacity for environmental assessment, Britain considers the report's recommendation of an independent international assessment body as a distraction from the main objective. Donor funds, it suggests, would be more effectively employed in helping the governments of developing countries increase their awareness and skills in dealing with environmental problems, as the British aid programme is doing in a number of projects.

Britain's policy on international trade concerning hazardous wastes is developed within the framework of the European Community; while agreeing with the general principle of reducing or recycling waste wherever possible and economically feasible, Britain recognises that the treatment of some difficult wastes requires specialist resources and that the transfrontier shipment of hazardous wastes to enable proper treatment to high standards is for the long-term benefit of the environment.

The Urban Challenge

Meeting the challenge of urban decay in many of the larger and older industrial cities is a high priority for Britain. The Government is spending around £3,000 million a year to promote regeneration in Britain's inner cities, bringing in several times that amount in private investment. A wide range of government initiatives has been designed to stimulate local economies and local enterprise; the 'Action for Cities' initiative is a comprehensive programme to revitalise the inner cities based on a partnership between the public and private sectors (see pp 122 and 150-1). Britain welcomes the Commission's clear analysis of the problems of the urban crisis in developing countries and its proposals for action within the United Nations system.

Marine Protection and Antarctica

Britain is fully committed, nationally and in co-operation with its partners, to protecting the marine environment. In 1987 it hosted the Second International Conference on the Protection of the North Sea (see pp 417-18, 1987), at which eight North Sea states reached unanimous agreement on a wide range of protective measures, an example of international co-operation in support of sustainable development on a regional basis of the kind recommended in the report. Britain is a firm supporter of the London Dumping Convention and the Oslo Convention, which regulate the ocean disposal of waste by dumping, and in 1985 enacted improved legislation to control sea disposal operations under Part II of the Food and Environment Protection Act 1985. In 1987 the Government introduced a ban on the use of tributyl tin (tbt) compounds in antifouling paints on small boats (see p 108, 1987), and it has taken the

[1]Reproduced as a COI reference paper, *Renewable Sources of Energy: Britain's Strategy*, No 315/88.

initiative on proposing more widespread controls. British policy on whaling is oriented towards conservation, and British law forbids the undertaking of whaling as well as commercial trade in whale products. The response says that while the Government finds much of the United Nations Law of the Sea Convention satisfactory, including its environmental provisions, it is unable to sign the convention because of serious objections to the proposed regime for deep sea mining (see pp 24-6, 1983).

Britain, as a state which exercises sovereignty over part of Antarctica, strongly supports the aims of the Antarctic Treaty to ensure that Antarctica is managed in the interests of all humankind, and believes that theoretical arguments about the status of Antarctica are less important than the need to manage and protect it sensibly; it therefore welcomes the Commission's conclusion that the best way to ensure a sustainable future for Antarctica is by building on and developing the present Treaty system.

Peace and Security

The response recognises that there is convincing evidence of a complex inter-relationship between issues of security and sustainable development. There are no easy solutions to the problems, but Britain is committed to maintaining both security and sustainable development. It agrees that nations must seek to avoid all conflict, whether nuclear or conventional, and its defence policy (see pp 195-202[1]) is based on the need to maintain adequate forces in co-operation with its NATO allies to deter aggression of any kind.

Britain accepts that a nuclear war cannot be won and must never be fought. Nuclear weapons, however, make an essential contribution to NATO's strategy of deterrence, which has maintained the peace in Europe for over 40 years. To abolish this nuclear capability without careful consideration of the effect on overall defensive capabilities would carry with it the risk of making conventional war more likely. The potential threat to the environment would thereby increase, not diminish.

The maintenance of adequate forces to deter aggression and the pursuit of realistic arms control measures are complementary aspects of NATO's security policy. Britain warmly welcomes the agreement to abolish United States and Soviet intermediate-range ground-launched missiles, signed in 1987. The Government's current arms control priorities, shared by its NATO allies, are a 50 per cent cut in the strategic nuclear weapons of the United States and the Soviet Union, the global elimination of chemical weapons, and the establishment of a stable and secure level of conventional forces throughout Europe.

Institutional and Legal Change

Britain agrees with the Commission that environment and development issues must be brought together and considered at the policy-formulation stage, and shares the Commission's view of the importance of involving people in decisions which affect their lives. In Britain the public inquiry and comprehensive land use planning system ensures that environmental considerations are given due weight in decision making, and the creation of the Department of the Environment in the early 1970s arose from the recognition of the need for a new framework to co-ordinate the consideration of environmental issues and the environmental implications of government policies.

Britain agrees that international organisations and the multilateral development banks have an important role to play in helping developing countries to make the transition to sustainable development, and has strongly encouraged the World Bank and other multilateral institutions to devise policies for development which take better account of the longer-term needs of the environment.

The Commission argues that the international legal framework should be significantly strengthened in support of sustainable development, but the Government considers that the proposal for a Universal Declaration and a Convention on Environmental Protection and Sustainable Development might be somewhat premature, with resources being more effectively utilised by focusing upon instruments carefully designed to meet specific problems and concerns. The Commission calls for its report to be transformed into a UN Programme of Action on Sustainable Development. While doubting the need to turn it into a formal United Nations programme as such, Britain fully supports the call to international bodies to review their policies and programmes in the light of the report.

[1]Reproduced as a COI reference paper, *Britain's Defence Policy: the 1988 White Paper*, No 243/88.

Shorter Notes

CONSUMERS AND THE COMMON AGRICULTURAL POLICY

A report by the National Consumer Council (NCC) published in September is strongly critical of the European Community's Common Agricultural Policy (CAP), which it says is 'seriously deficient' in all areas relating to consumers' interests. In September 1986 the Government had asked the NCC to identify and evaluate the effects on consumers of the CAP.

The chairman of the NCC, Mrs Sally Oppenheim-Barnes, notes in the report that there are grounds for consumers to be optimistic about the European Community, with wider choice and greater competition following as direct consequences of a free internal market from 1992 (see pp 8-9). The prospect of these changes, however, makes the CAP seem an extremely outmoded and inappropriate device for controlling the agricultural trade between member states. Its inefficiency means that only about two-thirds of the money raised by the CAP finds its way to farmers, and that most of it goes to large, efficient farmers who will be encouraged to produce in excess of consumer demand, rather than to the small farmers who need support most. The policy also exploits the average European family of four

who pay £9 a week more for food than necessary and half as much again in additional taxes, all of which directly supports the CAP. In addition, Mrs. Oppenheim-Barnes continues, the policy hampers the development of a European common market by diverting resources away from areas deserving attention, by failing to remove effective trade barriers between member states, and by using up the political and administrative energies of governments 'trying to keep its perverse effects under control'.

Other shortcomings noted in the report include the destabilisation of food prices outside Europe by dumping surpluses onto world markets; the encouragement of modern farming methods which create health risks, damage the environment and reduce access to the countryside; and regulations which restrict the range of foods available to consumers.

While emphasising that it does not propose the removal of the CAP, the report recommends several ways in which it could be more efficiently and fairly operated through simplified administration, the reduction of price supports and phasing out of surpluses.

Both the Minister for Trade and Industry, Mr Tony Newton, and the Minister of Agriculture, Fisheries and Food, Mr John MacGregor, welcomed the report. Mr Newton pointed out that it was under Britain's Presidency of the Community in 1986 (see pp 211-14, 1986) that the European Community Consumer Council had passed a resolution requiring the Community to consider consumers' interests in determining its policies. Mr MacGregor pointed to Britain's role as a persistent advocate of changes to the CAP which had culminated in reforms agreed earlier this year (see pp 99-100) by the European Council. He said that the reforms which had already taken place met several of the report's recommendations. He stated that, in addition to its support for reforms to the CAP, Britain had taken significant measures to enhance environmental protection by means of legal restrictions and financial incentives. Britain would continue to press for further reforms to the CAP in the current round of General Agreement on Tariffs and Trade (GATT) negotiations (see pp 328-9, 1986).

Sources: *Consumers and the Common Agricultural Policy.* The National Consumer Council. HMSO, £11·95. ISBN 0 11 701370 6; Department of Trade and Industry and Ministry of Agriculture, Fisheries and Food press notices, 1.9.88.

SUDAN EMERGENCY APPEAL

The British Government has contributed £1 million to the Sudan Emergency Appeal launched by the Disasters Emergency Committee composed of six British voluntary agencies. By early September nearly £5·3 million had been raised, including the £1 million provided by the Government.

The appeal, launched on 11 August, is in response to the emergency arising from serious flooding in Khartoum and five other centres on 6 August. On the night of 4-5 August 210 millimetres of rain fell on Khartoum, compared with a total of 36 millimetres in 1987. It is believed that between 1·5 million and 2 million people were made homeless by the floods, with a high risk of epidemics from water-borne diseases.

In addition to providing £1 million for the appeal, the British Government, through the Overseas Development Administration's Disaster Unit, organised the first flight of relief supplies to Khartoum and financed three further flights of supplies provided by voluntary agencies. On 9 August the European Community pledged emergency aid worth £420,000, and a Community-financed flight of relief supplies left London on 11 August.

Since April 1987 the British Government has provided almost £2 million in emergency aid to Sudan to relieve famine and to assist refugees. This was in addition to the normal programme of development assistance, which was £20 million in 1987. Britain has also pledged £10 million for disbursement in 1988 for the purchase of essential imports in support of Sudan's economic reform programme.

Source: Overseas Development Administration, press notices, 12.8.88 and 16.8.88.

EMERGENCY AID TO BANGLADESH

Britiain is to provide a further £7 million of emergency assistance for the victims of floods in Bangladesh. This was announced by the Minister for Overseas Development, Mr Christopher Patten, in London on 8 September. The new allocation, which follows £500,000 already provided for immediate help, will comprise 50,000 tonnes of food aid costing some £5 million, £1 million for voluntary agencies working in Bangladesh, and a contribution of £1 million to an appeal by Britain's Disasters Emergency Committee (a body through which Britain's major voluntary aid agencies make co-ordinated appeals on behalf of the victims of major disasters overseas).

The severe flooding, which is caused by heavy monsoon rains, is estimated officially to have killed over 800 people in Bangladesh and left over 25 million people homeless. More than three-quarters of the country has been covered by water, with widespread destruction of crops, buildings and communications.

In addition to emergency assistance, Britain provides long-term development assistance to Bangladesh. In 1987 Bangladesh received nearly £35 million of British bilateral aid (see p 301).

Source: Overseas Development Administration press notice, 8.9.88.

Balance of Payments 1987

The current account of Britain's balance of payments remained in deficit in 1987, by £2,500 million. A surplus on invisible transactions of £7,700 million was outweighed by a deficit on visible trade of £10,200 million.

Revised figures for the balance of payments for the last 11 years are contained in the latest Balance of Payments 'Pink Book', published on 24 August.[1] Transactions are classified into two main groups: current account transactions, covering exports and imports of goods and services, investment income and most transfers; and transactions in British external assets and liabilities, covering inward and outward investment, transactions by banks in Britain, borrowing and lending overseas by other British residents, drawings on and additions to the official reserves, and other capital transactions. This article briefly describes the major changes in the balance of payments in 1987.

Current Account

The deficit on the current account in 1987 was £2,504 million, compared with one of £199 million in 1986 (see Table 1). The deficit on visible trade of £10,162 million more than offset the surplus on invisible trade of £7,658 million. Between 1986 and 1987 visible exports rose in value by 9 per cent and visible imports by 10 per cent (see Table 2).

[1] *United Kingdom Balance of Payments 1988 Edition*. Central Statistical Office. HMSO, £9·95. ISBN 0 11 620343 9.

Visible Trade

Following the pattern of recent years, visible trade was characterised by a substantial surplus on oil and deficits for most other categories, leading to an overall deficit (see Table 3). The widening of the deficit from £8,716 million in 1986 to £10,162 million in 1987 was chiefly the result of a marked increase in the deficit on semi-manufactures and finished manufactures. Oil accounted for 11 per cent of Britain's exports in 1987 and for 5 per cent of imports, the shares in 1977 having been 6 per cent and 14 per cent respectively. Semi-manufactures and finished manufactures made up 76 per cent of both exports and imports in 1987; in 1977 they had accounted for 81 per cent of exports and for 58 per cent of imports.

Britain usually has a deficit on trade with the rest of the European Community and with other Western European countries and a surplus on trade with North America and with the oil-exporting countries (see Table 4). The Community accounts for just under half of Britain's exports and for a little over half of Britain's imports. In 1987 the other Western European countries took 10 per cent of Britain's exports, North America 16 per cent and the oil-exporting countries 7 per cent. Their shares of Britain's imports were 14 per cent, 11 per cent and 2 per cent respectively. The proportions were broadly unchanged since 1986.

Invisible Trade

Credits on invisible trade in 1987 amounted to £80,010 million and debits to £72,352 million, giving

Table 1

Summary of Balance of Payments *£ million*

	1977	1982	1985	1986	1987
Visible trade balance	−2,324	2,218	−2,346	−8,716	−10,162
Invisible trade balance	2,174	2,467	5,683	8,517	7,658
of which *Services*	3,037	2,762	5,962	5,618	5,638
Interest, profits and dividends	265	1,446	2,800	5,079	5,523
Transfers	−1,128	−1,741	−3,079	−2,180	−3,503
Current balance	−150	4,685	3,337	−199	−2,504
Transactions in assets and liabilities					
British external assets	−13,844	−31,381	−53,282	−95,037	−75,094
British external liabilities	9,952	29,053	44,208	80,837	74,055
Balancing item*	4,042	−2,357	5,737	14,399	3,543

*Reflects distortions and omissions, and is included to make total entries sum to zero.

Table 2

Current Account

£ million

	1977	1982	1985	1986	1987
Exports (free on board)	31,682	55,330	77,988	72,678	79,422
Imports (free on board)	34,006	53,112	80,334	81,394	89,584
Visible trade balance	−2,324	2,218	−2,346	−8,716	−10,162
Invisible trade balance	2,174	2,467	5,683	8,517	7,658
Services					
General government	−699	−1,350	−1,299	−1,400	−1,608
Private sector and public corporations					
Sea transport	88	−624	−1,164	−1,066	−1,124
Civil aviation	219	299	153	−414	−494
Travel	1,166	−452	571	−530	−1,018
Financial services	1,359	2,546	4,436	5,571	5,967
Other services	904	2,343	3,265	3,457	3,915
Interest, profits and dividends					
General government	−180	−113	−743	−905	−1,045
Private sector and public corporations	445	1,559	3,543	5,984	6,568
Transfers					
General government	−1,083	−1,789	−3,332	−2,233	−3,287
Private sector	−45	48	253	53	−216
Current balance	−150	4,685	3,337	−199	−2,504

Table 3

Overseas Trade by Commodity

Balance of payments basis

£ million

	1977	1982	1985	1986	1987
Exports					
Food, beverages and tobacco	2,184	3,940	4,937	5,445	5,534
Basic materials	996	1,387	2,199	2,109	2,252
Oil	1,970	10,671	16,114	8,202	8,445
Other mineral fuels and lubricants	113	551	662	462	302
Semi-manufactured goods	9,959	13,979	19,920	20,839	22,444
Finished manufactured goods	15,608	23,334	32,319	33,616	38,213
Others	852	1,468	1,837	2,005	2,232
Total	31,682	55,330	77,988	72,678	79,422
Imports					
Food, beverages and tobacco	5,396	6,525	8,444	9,218	9,333
Basic materials	3,532	3,428	4,908	4,500	4,974
Oil	4,744	6,032	8,013	4,146	4,261
Other mineral fuels and lubricants	154	1,072	2,203	1,831	1,542
Semi-manufactured goods	8,449	12,980	19,849	21,451	24,023
Finished manufactured goods	11,244	22,054	35,515	38,714	44,124
Others	486	1,021	1,402	1,534	1,327
Total	34,006	53,112	80,334	81,394	89,584
Balances					
Food, beverages and tobacco	−3,212	−2,585	−3,507	−3,773	−3,799
Basic materials	−2,536	−2,041	−2,709	−2,391	−2,722
Oil	−2,774	4,639	8,101	4,056	4,184
Other mineral fuels and lubricants	−41	−521	−1,541	−1,369	−1,240
Semi-manufactured goods	1,510	999	71	−612	−1,579
Finished manufactured goods	4,364	1,280	−3,196	−5,098	−5,911
Others	366	447	435	471	905
Visible trade balance	−2,324	2,218	−2,346	−8,716	−10,162

a surplus of £7,658 million (see Table 2). The surplus in 1986 had been £8,517 million. There was a surplus of £5,638 million on services (compared with one of £5,618 million in the previous year), a surplus of £5,523 million on interest, profits and dividends (£5,079 million in 1986) and a deficit of £3,503 million on transfers (£2,180 million in 1986).

The services account consisted of the usual deficit of general government (£1,608 million, a little higher than a year earlier) and surplus of the private sector and public corporations (£7,246 million, also a little higher than in 1986), which, however, was wholly attributable to financial and other services. The deficit on sea transport was, at £1,124 million, slightly higher than a year previously, as was the deficit on the civil aviation account, at £494 million. The deficit on the travel account nearly doubled, to £1,018 million, following a rise of 20 per cent in outgoings for leisure travel. The surplus on financial services (for which only credits are recorded) reached £5,967 million, representing an increase of almost £400 million since 1986. The rise was attributable to an increase in the earnings of banks and brokers. At £3,915 million, the surplus on other services (including, for example, earnings from consultancy and royalties) was about £450 million higher than a year earlier.

On interest, profits and dividends, the customary surplus of the private sector easily outweighed the deficit incurred by general government and private corporations to give an overall surplus of £5,523 million, which was some £450 million higher than in

Table 4

Overseas Trade by Area

Balance of payments basis *£ million*

	1977	1982	1985	1986	1987
Exports					
European Community	12,414	24,267	37,902	34,751	39,021
Other Western Europe	3,852	5,282	7,547	7,157	7,788
North America	3,768	8,360	13,292	12,120	12,992
Other developed countries	2,072	3,245	3,801	3,644	4,085
Oil-exporting countries	4,329	6,505	5,944	5,497	5,280
Rest of the world	5,247	7,671	9,502	9,509	10,256
Total	31,682	55,330	77,988	72,678	79,422
Imports					
European Community	14,223	25,442	39,958	43,162	48,031
Other Western Europe	4,174	6,614	11,473	11,318	12,327
North America	4,584	7,480	10,936	9,418	10,140
Other developed countries	2,627	3,934	5,939	6,388	6,892
Oil-exporting countries	3,420	3,235	2,612	1,856	1,606
Rest of the world	4,978	6,407	9,416	9,252	10,588
Total	34,006	53,112	80,334	81,394	89,584
Balances					
European Community	−1,809	−1,175	−2,056	−8,411	−9,010
Other Western Europe	−322	−1,332	−3,926	−4,161	−4,539
North America	−816	880	2,356	2,702	2,852
Other developed countries	−555	−689	−2,138	−2,744	−2,807
Oil-exporting countries	909	3,270	3,332	3,641	3,674
Rest of the world	269	1,264	86	257	−332
Visible trade balances	−2,324	2,218	−2,346	−8,716	−10,162

Table 5

Summary of Transactions in External Assets and Liabilities *£ million*

	1977	1982	1985	1986	1987
Overseas direct investment in Britain	2,546	3,027	4,213	4,176	5,953
Overseas portfolio investment in Britain	1,910	225	7,121	8,447	10,805
British direct investment overseas	−2,399	−4,091	−8,653	−11,525	−15,372
British portfolio investment overseas	12	−7,563	−19,440	−25,243	6,463
Borrowing from overseas	4,371	25,394	32,851	68,036	55,774
Deposits and lending overseas	−1,480	−20,987	−22,701	−54,869	−53,376
Official reserves*	−9,588	1,421	−1,758	−2,891	−12,012
Other external liabilities of general government	1,125	407	23	178	1,523
Other external assets of central government	−389	−161	−730	−510	−797
Total	−3,892	−2,328	−9,074	−14,200	−1,039

*Drawings on (+)/additions to (−).

Note: Differences between totals and the sums of their component parts are due to rounding.

1986. The main area of improvement was in earnings from British direct investment overseas, which increased by over £3,000 million.

The deficit on transfers rose from £2,180 million in 1986 to £3,503 million in 1987. The increase was almost wholly accounted for by the rise in the deficit with European Community institutions. There was an increase of nearly £900 million in gross contributions of value added tax (VAT), levies and duties and a fall of almost £550 million in VAT abatement arising out of excess British contributions to the Community budget in previous years.

Transactions in External Assets and Liabilities

Inward direct investment rose by £1,800 million between 1986 and 1987 and inward portfolio investment by £2,400 million (see Table 5). Although outward direct investment increased by £3,800 million, outward portfolio investment fell sharply by £31,700 million (net disinvestment of £6,500 million compared with net investment of £25,200 million a year earlier). In particular, British financial institutions other than banks undertook substantial net disinvestment in 1987, especially in the fourth quarter, following the drastic decline in stock market prices (see pp 368-9, 1987). Transactions of British banks (other than direct and portfolio investment) in 1987 gave rise to a net inflow of £2,525 million compared with one of £9,746 million in 1986. Additions to the official reserves amounted to over £12,000 million in 1987, following a rise of under £3,000 million a year previously.

At the end of 1987 Britain had direct investment holdings overseas of £91,400 million and portfolio investment holdings of £117,800 million compared with £88,000 million and £145,500 million respectively a year earlier. Overseas residents' holdings in Britain of direct investments amounted to £53,400 million, and of portfolio investments to £52,200 million, compared with £48,200 million and £43,900 million respectively a year previously.

Monetary Policy

A continuing commitment to interest rate policy as a means of regulating the quantity of saving, money and credit was given by Mr Peter Lilley, Economic Secretary to the Treasury, in a speech in London on 7 September. He rejected direct controls on credit as being unworkable.

Government ministers have made it clear that the economy has been growing too fast recently and needs to expand more slowly if the risk of renewed inflation is to be averted. The Government aims to bring this about by interest rate policy. Accordingly, bank base rate has been raised successively – from 7·5 per cent in May to 12 per cent in August.

Consumer Credit

Much had recently been said, Mr Lilley began, about the credit 'problem'. However, borrowing was not necessarily a problem: borrowing and saving were important economic activities. Some people wished to put income aside for future use – saving – while others wished to bring spending forward on the strength of expected future income – borrowing. Most people therefore benefited from a free and efficient market in savings and loans. There would be no problem for aggregate economic policy unless total borrowing was growing faster than the willingness of domestic and overseas savers to hold British financial assets.

There were two things the Government could do, the Economic Secretary continued, in the event of potential inflationary pressures. First, it could reduce its borrowing. The Government had already done this and had moved from being the country's largest borrower to being the largest repayer of debt. Secondly, it could raise interest rates. The Government had not hesitated to do this when necessary.

Credit Controls

Mr Lilley rejected direct controls on credit, which, he said, would not work. While over 80 per cent of household borrowing was on mortgages, only 15 per cent was consumer credit. The latter figure included debt outstanding on credit cards, which accounted for less than 5 per cent of total borrowing. Furthermore, as some 40 per cent of credit card users settled within the interest-free period, there would be no point in seeking to control this type of credit in isolation. 'To have any hope of having a serious impact, any control would have to cover mortgage lending also.'

In 1979 the Government had inherited controls on lenders (the supplementary special deposits scheme – the 'corset' – which applied to banks) and on borrowers (the minimum deposit and terms control on hire purchase).

The corset was abandoned in 1980 (see p 131, 1980) because, following the abolition of exchange controls in late 1979 (see p 162, 1980), restrictions could be circumvented by resort to offshore banks. Today, with the development of new financial instruments such as sterling commercial paper (see p 165, 1986), there were even more ways of doing this. Even to the extent that schemes such as the corset could be made effective, the Economic Secretary continued, they would work by raising the cost of credit. But this could be achieved much more simply and directly by raising interest rates.

Similarly, by the time of their abolition in 1982 (see p 274, 1982), hire purchase controls were increasingly ineffective. A declining proportion of credit was now linked to particular transactions; even in such cases a minimum deposit could readily be raised by borrowing elsewhere – for example, by credit card or overdraft.

Exactly the same would apply to another type of suggested control – restricting mortgages to a maximum percentage of the purchase price. People could top up their loans from other sources including those overseas.

Such controls were not only ineffective: they also created market inefficiencies and distortions – to the detriment of both savers and borrowers – and were unfair. They gave a competitive advantage to unregulated – and often less reputable – lenders whose

services would be used by poorly placed borrowers, leaving respectable lenders to grant cheaper credit to 'safe' borrowers.

Raising interest rates, Mr Lilley concluded, reduced the demand for borrowing; it also increased the attractions of saving. 'The price mechanism works, and works effectively, in this field as in all others. The Government has shown its readiness to move interest rates in either direction whenever monetary conditions require it. We will continue to do so in future.'

Share Dealing Services

A call to the financial services industry to provide share dealing services for the new mass market and small investors was made by Mr Norman Lamont, the Financial Secretary to the Treasury, in a speech to the Wider Share Ownership Council conference on Employment Share Ownership on 7 September. Mr Lamont also announced that in future privatisation issues the merchant bank adviser to the Government, and the sponsor to the share sale, would no longer act also as the British lead underwriter.

The conference, Mr Lamont said, marked ten years of employee share schemes (see p 167), and almost ten years in office of a government committed to share ownership. It was a good opportunity to review progress and, in particular, to look forward to how share ownership in Britain would develop. There were now three times as many individual shareholders as in 1979 (see pp 167-8). The next stage in the creation of a share-owning democracy was to turn first-time shareholders into regular investors in the stock market. For this attitudes would need to change: the attitude of first-time investors to the stock market, the attitude of City institutions to the retail share market and the attitude of companies to their retail investors.

Comparisons with the United States

Mr Lamont stressed the benefits of direct share ownership by individuals to both themselves and the companies in which they held shares. Through privatisation and employee share schemes the Government had increased the number of individual shareholders from 3 million in 1979 to nearly 9 million. Personal Equity Plans (PEPS – see p 168) should be of increasing importance in the future. Lessons could be learned, he went on, from the United States, where individual share ownership was more deeply engrained. The proportion of adults who were share owners was not much greater – less than one in four in the United States, more than one in five in Britain – but shareholders in the United States had much larger portfolios. Well over half the equity in United States companies was held by individuals, about three times as much as in Britain. Allowing for differences between the two countries, significant comparisons could still be made. Many people in the United States expected to invest their money themselves, rather than to employ a financial institution, at some cost, to take their decisions for them. There was an extensive retail network offering a full range of financial products, with equities the keystone. And full use was made of nominee systems and depositories[1] to reduce transaction costs.

Dealing Services and Costs

In Britain, Mr Lamont said, most new shareholders had experience only of buying shares in one or two privatisations, made by public offer. They had no experience of trading in the secondary market. They had yet to build a relationship with a financial adviser or dealer who could give them easy access to the stock market. Asking why low-cost share dealing and advisory services were so difficult to obtain, the Minister suggested that the firms which had traditionally provided private client brokerage services were probably not those which were suited to handling a new mass market. This was, no doubt, why a number of traditional brokers had recently decided to sell off their private client business. The institutions which should take their place were those with the expertise and resources to handle equities as a mass-market product: the clearing banks, and, now that the range of their permissible activities had been extended, the building societies (see pp 12-14, 1986, and pp 71-2). The firms which specialised in mass marketing other retail saving products, such as life assurance and unit trusts, also had the expertise to exploit the new market.

Mr Lamont welcomed developments such as the share dealing services offered by some retail banks, and those offered over the telephone, but pressed for a reduction in transaction costs. This required improvements in firms' internal systems, and also in the systems for share dealings in London. The automatic dealing system for small transactions that the Stock Exchange was introducing at the end of this year should help, as should TAURUS, its system for paperless share transfers, to be introduced a year later. But it was important that its design should cater properly for retail investors. One lesson of the United States was the usefulness of retail nominees and depository facilities. These substantially simplified and reduced the cost of trading and settlement without prejudicing anybody's rights or interests.

British companies, Mr Lamont continued, had been slow to appreciate the benefits of a large share register. In the United States companies prized their retail shareholders because they could rely on them to take a long-term view and be loyal to the existing management. In Britain, companies that protested about the short-term attitudes of their institutional investors could think about how they themselves could develop a significant small shareholder base. There was a case for institutions waiving pre-emption rights,[2] and companies should look more favourably on nominee systems, for example those of PEP managers.

[1] In nominee systems shares are registered in the name of the nominee rather than the beneficial owner. Depositories are centralised holdings of share certificates. In the United States the certificates are bearer stock not carrying the owner's name.

[2] These are the rights of the shareholders of a company, most importantly the large institutional shareholders, to buy new issues in proportion to their existing holdings.

Privatisation

The Minister said that privatisation (see pp 236-7) would make as important a contribution to the next stage of developing popular capitalism as it had to the last. Information about British Steel's business and the forthcoming offer (see pp 111-12) would be widely disseminated. In the longer term the sales of water (see pp 271-3, 1987) and electricity (see pp 112-18[1]) would make a major contribution to deepening share ownership.

Mr Lamont announced a change the Government was making for its future share sales. The merchant bank adviser and sponsor to the share sale would no longer act also as the British lead underwriter. This decision was in no way a criticism of the way in which the Government's financial advisers had discharged their duties in the past. The arrangements would first come into effect with the privatisation of British Steel, where the Government's adviser had already been appointed.

Looking ahead to the end of this Parliament, the Minister suggested that the 4 million or so investors who currently owned shares in only one or two companies, probably British Telecom and British Gas, could by then have doubled their portfolio to include water and electricity. This would mean that they held shares in companies comprising a significant part of the Stock Exchange's market capitalisation.

Employee Share Schemes

Mr Lamont went on finally to comment on employee share ownership. The schemes already introduced had been resoundingly successful. There had been only 30 all-employee schemes in 1979 – there were now 1,500, covering well over 1·5 million employees. The main thrust of government policy remained the encouragement of individual employee share ownership. Interest had recently focused on Employee Share Ownership Plans (ESOPs). The Minister has been unable to accept proposals put forward in this year's Finance Bill debates, but he remained sympathetic. He needed to be persuaded that the current generous tax reliefs were not sufficient to facilitate ESOPs. It was also important that the employee share ownership industry should speak with a single voice.

Mr Lamont wanted to know whether ESOPs were a better way of achieving employee participation than existing schemes, or primarily a means of organising employee buyouts; whether they inevitably meant communal ownership of shares; and whether all that was required was not a codification of current rules to facilitate simple 'off the peg' ESOPs.

[1]This article has been offprinted as COI reference paper *Privatisation of the Electricity Supply Industry*, No 309/88.

Small Businesses

There has been a steady growth in the 1980s in the number of business registrations in Britain as a whole and in all of its regions. In 1987 the net increase was the largest since 1979. Ministers at the Department of Employment have interpreted the rise as evidence of the continuing strength of an economic climate which fosters entrepreneurial initiative and have pointed to the success of the programmes designed to assist the creation and growth of small firms.

Business registrations and deregistrations for valued added tax (VAT)[1] are analysed in an article in the 12 August issue of *British Business*. The national analysis is for the period 1980-87 and the regional and sectoral analyses for 1980-86. Related material is contained in articles in the 3 April 1987 issue of *British Business* and in the April 1987 issue of *Employment Gazette*.

All firms with an annual turnover in excess of £22,100 must register for VAT, although those with a lower turnover may register if they wish. All firms registered for VAT purposes cannot thus be equated with all small firms. However, some 90 per cent of businesses in Britain have an annual turnover of less than £500,000, which means that a very large majority are small firms. There were nonetheless about 2·9 million self-employed people in Britain at the end of 1987, which means that VAT figures (indicating a stock of 1·5 million firms at the same time) fail to account for many small businesses.

Changes in VAT Registration and Deregistration

By the end of 1987, businesses registered for VAT in Britain numbered 1·51 million, which represents a rise of 17·4 per cent since the beginning of 1980, when there were 1·29 million. Over the seven-year period to the end of 1986, net registrations numbered about 500 each week; and in 1987 the figure rose to almost 900, equal to an increase of 45,000 over the year as a whole. This was the largest rise since 1979, when it had been 46,500. Over the period 1980-87 annual registrations averaged just under 13 per cent of the stock of businesses at the start of each year and deregistrations nearly 11 per cent. There were substantial variations in the net increase for each year, net changes being the result of much larger numbers of registrations and deregistrations (see table).

Regional Changes, 1980-86

All regions of Britain showed some net growth in registrations from 1980 to 1986, ranging from a 7 per cent increase in the North West to about 19 per cent in the South East. The national average was nearly 14 per cent. Apart from small decreases of under 1 per cent in 1985 for Wales and for the North West, all regions increased their net registered stock of businesses in each of the seven years. These increases usually ranged from about 1 to 3 per cent.

The overall rate of increase in the regions depended to a large extent on the existing industrial mix of the region. For example, financial services and 'other services' are the fastest growing sectors of British industry nationally, and because they form an important part of the South East's economy,

[1]Registrations and deregistrations for VAT are not synonymous with the births and deaths of businesses. A firm may delay its registration until some time after it is formed, or until its turnover reaches the VAT threshold. Deregistration may occur for many reasons other than closure, and it appears that many firms' lifespans are much longer than implied by their period of registration.

Registrations, Deregistrations and Stock of Businesses in Britain: 1980-87

(thousands)

	Stock at start of year	Registrations	Deregistrations	Net change	Stock at end of year
1980	1,288·9	158·3	142·3	16·1	1,305·0
1981	1,305·0	152·1	120·3	31·8	1,336·8
1982	1,336·8	166·0	145·4	20·6	1,357·4
1983	1,357	180	145	35	1,392
1984	1,392	182	152	30	1,422
1985	1,422	182	163	19	1,441
1986	1,441	191	164	27	1,468
1987	1,468	205	160	45	1,513
1980-87		1,416	1,192	224	

Source: *British Business* 12 August 1988.

Notes: The pattern of registrations and deregistrations may have been affected by disturbances in the regular processing of register amendments because of industrial action between 1979 and 1981.

Because the allowances for outstanding notifications are only approximate for later years, figures for 1983 onwards are rounded.

growth there over the period was much higher than average. Northern Ireland presents another exceptional case: a relatively low rate of registrations and deregistrations over the period indicated a less rapid turnover of stock than elsewhere. The rates of growth within regions also varied: while the South East as a whole added greatly to its stock of VAT-registered businesses, East Sussex and the Isle of Wight showed only very small increases. Both areas are reliant to a large degree on the retailing and catering trades, which have not prospered as much as other sectors.

Sectoral Changes, 1980-86

By contrast to the regions, there were much larger variations between industrial sectors, ranging from a net loss for retailing of 3·4 per cent to a gain of 49·3 per cent for the category 'other services', which embraces many kinds of firms such as hairdressers, cinemas and contract cleaners. Agriculture, transport, catering and motor trades all had smaller net rises in registration than the national average of 14 per cent, while the production industries, construction, wholesaling, finance and 'other services' recorded above average increases. Declines in total stock were experienced by agriculture in 1985 and 1986, construction in 1985 and transport in 1980; all these losses were under 1 per cent. Although there was no clear trend in the rate of increase nationally or by region, the rate of change in some sectors varied considerably. Transport, for instance, grew three times as quickly between 1984 and 1986 as between 1980 and 1983. Agriculture experienced a decline after 1984, having increased until then.

Government Policies

Mr John Cope, Minister of State for Employment, welcomed the figures. Speaking on 11 August, he said that the dynamism and flexibility of small businesses made them a responsive part of Britain's economy. He stressed that his department was committed to helping these businesses play a more significant part in the economy, with consequent gains in employment. Earlier, the Secretary of State for Employment, Mr Norman Fowler, had said on 27 July that the recent sharp rise in VAT-registered firms represented an 'impressive and sustained level of economic activity'. In announcing the net rise of 45,000 businesses in 1987, Mr Fowler noted that between 1986 and 1987, there had been a rise of 230,000 in the number of self-employed people, and said that these figures indicated that the climate for enterprise in Britain was much improved.

The Department of Employment has a number of schemes which are designed to assist the small firms sector. Mr Fowler gave an account of the progress of these schemes in the House of Commons on 27 July (*Hansard*, Vol 138, No 198, Part II, written answers, cols 253-6). The measures fall into two broad categories: those which provide advice to new or existing firms and those which offer financial assistance. They include:

1 *The Small Firms Service* (see p 250). This offers advice, information and counselling to small businesses. In 1987-88 it continued to emphasise its role to advise existing firms and to work with other business advisory services. A National Reference Book, which incorporates much information needed by small businesses, is now available to other advisory services. The service maintained existing working levels between 1986-87 and 1987-88.

2 *The Local Enterprise Agency Grant Scheme.* This five-year scheme, set up in 1986, seeks to establish a network of self-supporting enterprise agencies. Grants of £2·7 million were paid to 186 agencies in 1987-88; both the sums involved and the number of agencies represent substantial expansion since 1986-87.

3 *The Enterprise Allowance Scheme* (EAS) (see p 110). This offers financial support to unemployed people to set up new businesses. This programme has been expanded to involve about 106,000 entrants in 1987-88, from some 87,000 in 1986-87. A survey of the scheme's participants showed that, of those who received funding from it for a full year, about two-thirds were still trading three years after starting their businesses. [The average survival rate for all businesses after three years has been about two-thirds in recent years.] Every 100 of those still

trading after three years had created 114 jobs in addition to their own.[1]

4 *The Loan Guarantee Scheme* (see p 382, 1987). This scheme was extended for three more years in 1986, with premiums payable halved to 2·5 per cent. About 1,200 loans were issued in 1987-88, valued at £46·2 million: both the number of loans and funding available were increased by about 15 per cent over the 1986-87 figures. The rate of loan applications continued to rise in 1988.[2]

5 *The Prince's Youth Trust.* This aims to assist the setting up and expansion of businesses by young people. The Department of Employment agreed to match private sector donations to the Trust, and paid some £1·5 million to it in 1987-88.

6 *Training.* The Training Commission increased its expenditure on small firms training from £18·6 million in 1986-87, benefiting 67,000 people, to £19·3 million in 1987-88, involving 107,000 people.

7 *Action for Cities Programme* (see p 122). New measures designed to encourage the development of new and existing businesses in inner city areas have been introduced. The Small Firms Service plans to open counselling offices in more cities.

British Civil Engineering Overseas

There was a substantial increase in the value of civil engineering contracts awarded to British firms overseas during 1987. The Americas and Oceania accounted for well over half of the £2,450 million total, while Middle East contracts continued to decline in value.

The figures for British overseas civil engineering contracts during 1987, and details of some major projects, are set out in the 29 July issue of *British Business.*

Value of Overseas Work 1987

British firms gained contracts overseas valued at £2,450 million in 1987, compared with £1,750 million in 1986. The rise was partly accounted for by the acquisition of foreign companies by British firms, but the figures suggest some recovery in activity after a decline in recent years. Much of the growth was due to increased activity in the Americas, Oceania and Europe; in Asia and Africa (other than the Middle East in both cases) the value of new contracts changed little between 1986 and 1987, but there was a sharp decline in the case of the Middle East.

The value of work done fell from £1,950 million in 1986 to £1,700 million in 1987, reflecting an earlier decline in the value of contracts obtained. The ten largest British civil engineering companies between them accounted for some 90 per cent of the value of work done in 1987.

At the end of 1987, projects remaining to be completed were valued at about £2,650 million – slightly more than a year earlier – largely concentrated in the United States, Egypt and Australia.

Europe

The firm Tarmac Construction has been awarded an £11·5 million contract to build a new runway for Dublin airport with associated site development, in a joint venture with the Dublin company P. J. Walls (Civil). Taylor Woodrow International in association with local firms has contracted to build a new British embassy in Vienna and to renovate the ambassador's residence. The project is valued at £5 million. Another arm of this company, Taylor Woodrow Construction, is acting for a Lisbon firm in providing management services during construction of a £5 million tourist complex near Portimao in the Algarve region of Portugal. Work was started in 1987 and is to finish by the end of 1989. The completed complex will feature 250 houses in a village setting with various recreational amenities. Bovis International has undertaken another Portuguese housing development at Prainha, west of Portimao, which is now partially completed. Bovis is planning two projects in Spain, one on the south coast at Cabo del Sol on the Costa Blanca, and the other at Pueblo Don Miguel nearby. Both are residential apartment developments, valued respectively at £3 million and £2·7 million. In France, McCarthy and Stone is working on a £2·5 million housing scheme involving local management and contracting at Grasse on the Côte d'Azur, which will take a year to complete.

Several projects currently involve British firms in Turkey. Balfour Beatty has won a £44·4 million contract from the Turkish Ministry of Works and Settlement to build a 37·5-km (23-mile) section of the trans-Turkey highway, undertaken in a joint venture with the local firm Entes. The road will be linked to the Bosporus Bridge and existing highways. At Antalya on Turkey's south-west coast, Cementation International has been hired by Polly Peck International to manage the construction of a £20·3 million hotel. Subsidiaries of the firm Trafalgar House will be responsible for civil, structural, mechanical and electrical engineering aspects. The hotel will take two years to complete. Also at Antalya, Taylor Woodrow International has entered the Turkish construction market for the first time in association with local developers to provide construction management services on an £11 million

[1] A report released in July confirms that the EAS has been very successful in moving unemployed people into self-employment, but says that there are grounds for a fresh assessment of its operation: see *Department of Employment/Training Commission: Assistance to Small Firms,* National Audit Office, HMSO. £4. ISBN 0 10 265588 X.

The NAO suggests that the Department of Employment should take more effective measures to increase the survival rates of the EAS-sponsored firms – put at 57 per cent after three years if first-year dropouts (16 per cent in 1987-88) are taken into account – by helping participants to identify and meet real demand for their goods and services. The report also notes that about 44 per cent of those receiving allowances under the scheme would have started businesses whether they had received EAS sponsorship or not, and that up to half of participants' businesses displaced existing firms.

[2] The NAO report indicates that the Loan Guarantee Scheme has been successful as a job creation measure. However, around 50 per cent of the loans do not provide finance additional to that ordinarily available from banks, while the fall in the take-up rate in the period 1984-86 has only been partly reversed by the cut in the premium. The report suggests that borrowing requirements are thus being met by conventional sources or that the scheme fails to target the borrowers who most need assistance.

development of hotels and villas. The project includes a 250-room Ramada hotel with extensive recreational facilities.

Taylor Woodrow International gained a civil engineering contract in the Soviet Union to install clothing manufacturing machinery – made in Britain and the Federal Republic of Germany – in factories at Tallinn, Minsk and Riga. The equipment will include cutting, sewing and pressing machines, as well as computer facilities, and the project is valued at more than £19 million.

The Americas

Reflecting the steady growth of the construction industry in the Caribbean, Balfour Beatty Bahamas has been given a £60 million contract by a Miami-based cruise company to build a large hotel in Nassau, the Bahamas. The hotel complex will feature five tower blocks when completed. Taylor Woodrow's interest in the United States market is illustrated by three projects. Taylor Woodrow International – collaborating with Riedel International and Chris Berg of the United States – has been contracted to make site preparations for a United States Navy radar installation on Amchitka Island, Alaska. The £14 million contract carries an option for a further £34 million in site preparation and living quarters construction. The current construction phase will be completed by the end of 1988. Taylor Woodrow has also been hired, in a joint venture with Ebasco Services of the United States, to build a £5·8 million United States embassy in Georgetown, Guyana. The embassy will incorporate materials and technology designed to protect it against terrorist attack. It is scheduled for completion by the end of 1989. A United States subsidiary of Taylor Woodrow, Taymech (USA), is providing mechanical services worth £1·5 million for a horse-riding facility at Forth Worth, Texas. Trafalgar House Construction Management (THCM) will undertake the complete renovation, valued at £10 million, of the Watergate Hotel in Washington DC.

Africa

Another Trafalgar House company, Cementation (Egypt), and its joint venture partner Consolidated Contractors International (UK) have won a £40 million contract for the Land Projects Organisation of Egypt's Ministry of Defence which involves creating infrastructure for a new military township. The project will take nearly three years to complete and will employ about 600 local people. Trafalgar House's overseas building and civil engineering arm, Cementation International, has received a £5 million contract to rehabilitate port facilities at Tema, in Ghana. The extensive rehabilitation of some 70,000 square metres of buildings, repair of the Keta lighthouse and the installation of new mechanical and electrical facilities will take three years. Taysec Construction, a Ghanaian branch of Taylor Woodrow International, has been collaborating with Fougerolle International of Paris in the provision of site works for a project to build a £7·5 million hotel for Accra City Hotels. Taysec has been given particular responsibility for the reinforced concrete structural elements of the buildings.

Taylor Woodrow Incorporated of Houston has been awarded a £2·5 million contract by the United States State Department to build new embassy buildings at Gaborone, Botswana, which are due to be completed in January 1989. In Lesotho, Kier International has a £3·2 million contract to build a dam and install a water supply system for the Government. The company has also won contracts to build the £4·6 million locally planned Lilonge Kamuzu dam and a 15 km (9 miles) road to a communications station, both in Malawi. The Electricity Supply Commission of Malawi has hired Balfour Beatty to install 118 km (73 miles) of electricity line from Nkula falls to Sucoma, a project valued at £4·5 million. The firm Painter Brothers of Hereford will supply 1,000 tonnes of steelwork for this scheme; British firms are supplying all other fittings as well.

Asia

The Taylor Woodrow International subsidiary Teamwork Sdn Bhd is involved in a number of projects in Brunei. The Brunei Ministry of Development has hired the firm to construct a government staff recreation complex at the capital, Bandar Seri Begawan. This Ministry has also hired the firm to provide infrastructure for the first phase of a water treatment plant at Jalan Barun, some 72 km (45 miles) from the capital. This scheme involves the creation of roads and bridges and housing site preparation. The two projects are valued at £2·2 million. Teamwork Sdn Bhd also has a contract worth £1·6 million to expand the capacity of the Labi waterworks, situated 125 km (78 miles) from the capital. The scheme involves a new river intake works, mains and tanks, and the installation and commissioning of all mechanical and electrical pumping and treatment equipment. This work will be completed early in 1989. The Brunei royal family has hired Teamwork Sdn Bhd to carry out a £5·8 million project to build a shopping centre and sports complex at Kampong Mabohai.

The local subsidiary of George Wimpey in Oman, Wimpey Alawi, has a £5 million contract running until the end of 1988 from the Zawawi Trading Company to redevelop and expand the Mercedes Benz buildings in the capital Muscat. In Hong Kong, a Trafalgar House branch company, Gammon (Hong Kong), has been awarded a joint contract with Nishimatsu to construct a 40-storey building for the Standard Chartered Bank by early 1990. The same firm also has the £7·6 million contract from Modern Terminals for extensions to the Kwai Chung container port at Hong Kong. The scheme includes dredging, reclamation, the construction of a piled deck and associated civil work. Costain International, acting through Hopewell Costain, has a £10·3 million contract with the Hong Kong water supplies department to provide civil works for the Pak Kong water treatment and transfer works in the colony's New Territories.

Oceania

In conjunction with a New Zealand firm, Taylor Woodrow International (trading as Taywood-Wilkins) has been awarded a £13 million contract by the Chase Corporation to work on the second phase

Construction Work Overseas

*£ million **

Area	Value of contracts obtained		Value of work done		Value of work outstanding	
	1986	1987	1986	1987	1986	1987
European Community	113	213	91	83	122	153
Rest of Europe	21	96	21	32	10	73
Middle East in Asia	209	113	422	222	256	131
Middle East in Africa	149	12	92	55	437	133
Rest of Asia	199	204	276	179	371	283
Rest of Africa	209	185	330	205	304	239
The Americas	653	990	480	672	770	1,137
Oceania	190	637	237	248	147	492
All countries	1,743	2,450	1,949	1,696	2,417	2,641

*Some of the 1986 figures have been substantially revised, and the 1987 figures are provisional.

of a shopping, office and leisure complex in Auckland. The Chase Corporation has also given Taywood-Wilkins an order to build a new 20-storey office and retail development in central Auckland, at a cost of more than £5 million. Taylor Woodrow's Australian subsidiary, Teamwork Constructions, has gained a £4 million contract to build a six-storey hotel in Darwin with 140 self-catering suites and a central glazed atrium.

Offshore Pipelines Safety

Measures intended to enhance offshore pipeline safety have been outlined by the Department of Energy, which has invited offshore operators to submit proposals for pipeline isolation systems.

Background

On 7 July an explosion and fire effectively destroyed the Piper Alpha oil production platform in the North Sea. In a statement in the House of Commons on 7 July (*Hansard*, Vol 136, No 182, cols 1191-4), the Secretary of State for Energy, Mr Cecil Parkinson, stressed the high priority the Government attached to safety standards in North Sea operations. It was therefore setting up a public inquiry to establish the cause of the explosion, on a platform which was a major producer (some 120,000 barrels a day) and when the number of accidents was falling – from 101 in the North Sea in 1986 to 59 in 1987.

'If there are any early lessons that can be learned from the disaster', Mr Parkinson said on 14 July (*Hansard*, Vol 137, No 189, written answers, cols 365-6), 'we should extract them and issue immediate guidance to operators of North Sea installations. The Health and Safety Commission and I have therefore agreed that a speedy and thorough technical investigation will be held'. He also announced that the Director of Safety in the Department's petroleum engineering division would conduct the investigation.

The fire was brought under control on 29-30 July, and all 36 wells on Piper Alpha have been made secure by use of cement plugs.

Of the 230 personnel on the platform, there were only 64 survivors.

Director of Safety's Letter

In a letter of 24 August to all offshore operators the Director of Safety recommends that regulations should be made which ensure a means by which extensive lengths of pipeline containing hydrocarbons should be isolated from installations to which they are linked. Owners should be required to provide for suitable isolation systems at platform level and, where appropriate, in subsea locations, together with the relevant control facilities. As subsea systems would need to be located at the most appropriate distance from offshore installations, which would vary depending on their size, water depth and product, the Department would need to see specifications for rapid isolation of the pipeline.

Those pipelines already fitted with subsea valves should be re-evaluated to ensure that isolation could be achieved quickly. Where subsea isolation systems were not proposed, the Department would need to be satisfied that the integrity and safety of the installation would not be jeopardised.

Present and future research on subsea valve development would be taken into account, the Director of Safety continued. He was therefore preparing a consultative document which would contain safety regulations recommending the provision of platform emergency shutdown valves and, where suitable, subsea isolation systems.

Shorter Notes

INVISIBLE TRADE

A report from the British Invisible Exports Council on world invisible trade shows that in 1986 – the latest year for which a full international comparison

is possible – Britain retained second place, behind the United States, in terms of its surplus, its receipts and its payments. Britain's receipts accounted for 15·5 per cent of the world total and its payments for 12·3 per cent. Britain's receipts increased by 6·9 per cent between 1985 and 1986 and its payments by 3·1 per cent; its surplus rose by 30 per cent. Britain moved from surplus to deficit on the travel account and sharply increased its deficit on transport but these shifts were outweighed by substantial improvements in the surpluses on investment income and on other services.

The relative importance of invisible trade to Britain may be seen from the fact that in 1986 its invisible receipts comprised 49·2 per cent of its total overseas receipts and its invisible payments 41·9 per cent of its total overseas payments. The world averages were 28·6 per cent and 29·9 per cent respectively. Britain's invisible receipts amounted to 18·6 per cent of its gross national product and its invisible payments to 15·5 per cent – both shares being well above those for most other countries. (For information on Britain's invisible trade in 1987, see pp 311-14.)

Source: *Invisible Trade in the World Economy 1972-86.* The British Invisible Exports Council, 6th Floor, Windsor House, 39 King Street, London EC2V 8DQ. £10.

MONOPOLIES AND MERGERS COMMISSION

To mark the fortieth anniversary of its founding as an independent statutory body, the Monopolies and Mergers Commission (MMC) has published a guide to its activities. Set up at first as the Monopolies and Restrictive Practices Commission to investigate monopolies in the supply of goods, the MMC has since expanded its field of investigation to include monopolies relating to services of all kinds, mergers, anti-competitive practices, and the performance of both public sector and newly privatised bodies.

The Commission's central concern is the assessment of the public interest in relation to healthy competition. Its responsibilities are defined in and its authority derived from the Fair Trading Act 1973 and the Competition Act 1980 (see pp 340-1, 1979). The MMC cannot itself initiate investigations relating to possible monopoly or anti-competitive situations: these must be referred to it by the Secretary of State for Trade and Industry or the Director General of Fair Trading, depending on the type of reference. Following an investigation, the Secretary of State may request the Director General to negotiate undertakings with the concerns involved in order that the public interest may be best served. The chairman and members of the MMC direct the activities of a staff of some 110 employees, who deal with a limited number of references each year in great depth.

Source: *Monopolies and Mergers Commission: The Role of the Commission.* HMSO, £1·25. ISBN 0 11 514643 1.

NEW LINK PROGRAMMES

The tenth LINK programme (see p 246) was announced on 7 September by the Minister of Agriculture, Fisheries and Food, Mr John MacGregor, and the Secretary of State for Trade and Industry, Lord Young. The programme aims at improving the competitiveness of the food processing industry, strengthening academic research activity in the area, and disseminating results to small and medium-sized enterprises via the Food Research Associations and via projects combining large and small companies. Government support of up to £7 million is available over five years, to be matched by contributions from participating firms. Welcoming the programme, Mr MacGregor said that the collaboration between industry and the science base in food processing would underpin the much larger volume of research and development which companies in the food industry carried out to improve their individual competitiveness, and would help the British food industry to seize the opportunities of the single European market (see pp 8-9).

The ninth LINK programme, announced on 14 June, is a joint venture of the Science and Engineering Research Council and the Department of the Environment. Entitled 'Construction Technology and Management for Maintenance and Refurbishment', it will focus on the maintenance and updating of buildings and their infrastructure. Government funding over three years, contributing up to half the cost, will be £1·5 million.

Sources: Joint Ministry of Agriculture, Fisheries and Food and Department of Trade and Industry press notices, 7.9.88; Science and Engineering Research Council press notice, 14.6.88.

SPACE RESEARCH

The British National Space Centre and the Science and Engineering Research Council (SERC) have announced Britain's largest-ever participation in an international collaborative space science project. Britain is to contribute up to £76 million for the Cluster and SOHO space missions to be launched in 1995.

Cluster and SOHO (Solar and Heliospheric Observatory) are complementary missions to study the sun, the solar wind and the earth's magnetosphere. They will be undertaken by the European Space Agency (ESA) in association with the United States National Aeronautics and Space Administration (NASA) at a total cost of £800 million. The two missions together make up the Solar Terrestrial Science Programme, one of the four major elements in 'Horizon 2000', ESA's basic programme of space science.

Britain's expenditure will be from SERC's agreed allocation for spending on space research. Up to £56 million contributed to ESA's science budget will be spent on satellites by way of contracts to spacecraft manufacturers in Britain. Up to £20 million will come out of SERC's budget for national space pro-

grammes to support the development of the observation instruments which will be the satellites' payload. British groups have been selected to take the leading role in four of these instruments and will participate in seven others.

Cluster is a new type of space mission, consisting of four identical spacecraft flying in relatively close formation in earth orbit. Its aim is to resolve outstanding problems concerning the magnetosphere, the near-earth space environment where the earth's magnetic field interacts with the solar wind. Variations in the magnetosphere are responsible for the polar aurorae (northern and southern lights) and influence the earth's atmosphere and weather patterns. As it orbits, Cluster's distance from the earth will range from 20,000 km (12,000 miles) to 120,000 km (75,000 miles, more than a quarter of the distance to the moon). The distance between the individual spacecraft will vary from 200 km to 6,000 km (120 miles to 4,000 miles). Each will carry 11 scientific investigations, to measure electric and magnetic fields, waves and fluxes of atomic particles. By comparing the observations and measurements made at the same time on the four spacecraft, the way these quantities vary in space and time will be determined. British research groups from Imperial College, London, the Mullard Space Science Laboratory of University College London, and the University of Sheffield will lead on, respectively, a flux gate magnetometer, a plasma electrons analyser and digital wave processing. There will be British participation in five others of the investigations, notably that of the Rutherford Appleton Laboratory, Oxfordshire, in adaptive particle imaging detectors.

The aim of SOHO is to understand the nature of the solar atmosphere and how the sun expels the material into space which becomes the solar wind. It will also gather information about the solar interior by observing the pattern of vibrations at the surface. SOHO will not orbit the earth like a traditional satellite, but will travel to a point between the sun and the earth where the gravitational attractions of the two are equal. It will be maintained at that point, about 1,500,000 km (900,000 miles) from the earth, and provide a continuous view of the sun. In Britain, a team led by the Rutherford Appleton Laboratory, and involving four universities, will build a coronal diagnostic spectrometer, an ultraviolet telescope which will make detailed measurements of the nature of the solar atmosphere just above the visible surface. A team from the University of Birmingham will participate in building an instrument to view the outer layers of the sun's atmosphere. The University of Cambridge will be involved with the investigation of the solar interior.

The total value of contracts placed in Britain in the next eight years will rise to £64 million, benefiting instrument makers, spacecraft manufacturers and many small companies. At the same time Britain's acknowledged expertise in solar physics will be both exploited and enhanced.

Source: British National Space Centre press notice, 22.8.88.

VEHICLE EMISSIONS

The Department of Transport announced on 5 August that all new petrol-engined cars and vans would be required to comply with stringent standards on exhaust emissions, in accordance with the European Community directive on motor vehicle emissions, known as the 'Luxembourg package', adopted in December 1987.

The requirements will be phased in over a period of two years from October 1991. All newly registered small cars (under 1,400 cc) and vans under 2 tonnes gross vehicle weight must comply from 1 October 1991, large cars (over 2,000 cc) from 1 October 1992, and medium cars (1,400-2,000 cc) and vans over 2 tonnes gross vehicle weight from 1 October 1993.

The Parliamentary Under-Secretary of State for Roads and Traffic, Mr Peter Bottomley, said that the new limits were a significant advance in efforts to control vehicle pollution. The overall effect would be to reduce by more than half the emissions permitted from new cars.

Source: Department of Transport press notice, 5.8.88.

Improvements in the Arrangements for Child Care Proceedings

A consultation paper containing proposals for improving the current arrangements for child care proceedings in England and Wales was issued on 27 July.[1] The proposals include establishing a new office to scrutinise local authorities' applications for care orders, extending jurisdiction in care proceedings to the county courts and the High Court, and improving the professional management and training of social workers appointed to represent the child's interests.

The consultation document has been issued in response to the *Report of the Inquiry into Child Abuse in Cleveland 1987* (see pp 291-2), which identified problems in the legal processes and jurisdiction of the courts concerned with child care proceedings that would not be remedied by the measures for improvement outlined in the Government's White Paper, *The Law on Child Care and Family Services,* published last year (see pp 47-50, 1987). In order to deal with these problems, the Cleveland Report recommended setting up a new office of child protection to scrutinise local authorities' applications for care orders, and to call for additional investigations or reports where necessary.

The present consultation paper offers ways of remedying the problems outlined in the Cleveland Report within the framework of the simplified child care law proposed in the 1987 White Paper.

The Proposals

At present, when a local authority applies for an order to take a child into care the proceedings are brought in the magistrates' court. Except where family proceedings in relation to the child are already in progress, the only alternative to care proceedings is wardship in the High Court. This has limitations as an alternative to care proceedings since it involves the court's continuing duty of supervision, is expensive and is normally available only at the option of the local authority. At present magistrates have no way of transferring care proceedings to a professional judge for hearing. They can only invite the parties to begin again in wardship. The consultation paper suggests that one way of overcoming the present inability to match cases to the appropriate level of judge would be to extend original care jurisdiction to the county courts and the High Court. Cases which might be more appropriately heard in the higher courts would primarily be those involving complex evidential disputes and those requiring lengthy hearings. This proposal would also provide a measure of flexibility when dealing with sudden demands upon particular courts and at the same time avoid delay.

The consultation paper then considers the case, advanced in the Cleveland Report for establishing a new office which would scrutinise applications made by local authorities in care proceedings to ensure the grounds were well-founded. The Cleveland Report had referred to the role of the Reporter to the children's hearing system in Scotland in testing the strength of the local authority's case at the outset of proceedings. and it considered that some of the key responsibilities of the Reporter might usefully be adapted to the English system, suggesting that the proposed new office's power of scrutiny should be coupled with power to invite the local authority to reconsider the bringing of care proceedings. [In Scotland the Reporter is appointed by, but independent of, the local authority; his function is to decide whether a child should be brought before a children's hearing or the case referred to the local authority for them to make arrangements for advice, guidance and assistance to the child and his or her family; and he has explicit power to take no further action on the case.]

The consultation paper considers that the new office might recommend who should be parties to the proceedings, commission additional investigations or reports where necessary, and resolve problems of access to necessary information. It might also allocate care proceedings to the appropriate type of court, establish timetables for the separate elements of the case, and ensure that these were adhered to.

The new office might have the same relationship to the courts as the Official Solicitor's Department [which includes among its responsibilities representation of minors at court] does at present, although it would be substantially larger and have wider functions, different staff and a different constitution. Its work would affect the lives of a large number of families and would involve the direct or indirect commitment of substantial resources for courts and local authorities. The office could oper-

[1] *Improvements in the Arrangements for Care Proceedings.* Available free from the Press Office, Lord Chancellor's Department, Trevelyan House, 30 Great Peter Street, London SW1P 2BY.

ate regionally under the central direction of a family lawyer of standing, with appropriate legal, social work and administrative support. It would be answerable to the Lord Chancellor and open to parliamentary scrutiny. If the office were introduced it might be necessary to phase its development. For example, its activities could be expanded on a jurisdictional basis, starting with the handling of local authority applications for care, and then extending to control of other proceedings in which the issue of care arises, adoption and guardianship proceedings; or possibly on the basis of particular areas, gradually extending to the whole of England and Wales.

Proposals are also made to strengthen further the arrangements for protecting the child's interests by improving the professional management and training of social workers appointed to represent the child's interests and linking their work more closely to the courts by transferring responsibility for them to the proposed new office.

[For further information on child care see COI reference paper *The Care and Protection of Children in Britain,* No 298/87.]

Shorter Note

MUSEUM OF THE MOVING IMAGE

A new museum, adjoining the National Film Theatre in London's South Bank Centre, was opened on 15 September by the Prince of Wales. The Museum of the Moving Image, a division of the British Film Institute, traces the history of film and television through displays showing the technical, social and artistic evolution of moving images worldwide, from ancient Chinese shadow plays to fibre optics and satellite images. The museum cost some £7 million and was funded mostly by private sponsorship and public donations. Exhibits include costumes, set designs, and models illustrating famous films and film roles. A working television studio and sound room give visitors an opportunity to use the latest cinema and media technology. The 135-seat Moving Image Workshop will be used for talks, magic lantern shows and films. Translation facilities for overseas visitors are provided and special arrangements have been made for handicapped people.

Source: British Film Institute factsheets.

DOCUMENTATION

Government and Administration

St. Paul's Cathedral. COI, No 104/88.

The Order of the Garter. COI, No 207/88.

The British Nationality Act. COI, No 141/88.

External Affairs and Defence

Consumers and the Common Agricultural Policy (see p 309). The National Consumer Council. HMSO, £11·95. ISBN 0 11 701370 6.

Economic and Social Affairs

United Kingdom Balance of Payments 1988 Edition (see p 311). Central Statistical Office. HMSO, £9·95. ISBN 0 11 620343 9.

Britain's Balance of Payments in 1987 (offprint of pp 311-14). COI, No 287/88.

Residence in the United Kingdom: The Scope of UK Taxation for Individuals. Proposes changes in the rules concerning residence for purposes of taxation. The proposals are aimed at enhancing the simplicity, certainty and neutrality of the rules, and at relating liability to British taxes more closely to the extent of the taxpayer's connection with Britain. Board of Inland Revenue. Available from Inland Revenue Reference Room, Room 8, New Wing, Somerset House, Strand, London WC2R 1LB. £1·50.

The Audit Commission for Local Authorities in England and Wales. Annual Report and Accounts: Year Ended 31 March 1988. HMSO, £4·45. ISBN 0 11 701397 8.

Annual Report of the Building Societies Commission 1987-88. First full-year report of the Building Societies Commission, on the discharge of its functions under the Building Societies Act 1986 (see pp 12-14, 1986). HMSO, £6·50. ISBN 0 11 600460 6.

Invisible Trade in the World Economy 1972-86 (see p 320). The British Invisible Exports Council, 6th Floor, Windsor House, 39 King Street, London EC2V 8DQ. £10.

Labour Flexibility in Britain: The 1987 ACAS Survey. The survey explores the extent to which employers have enhanced labour flexibility in recent years and their plans to increase flexibility. Available unpriced from the Advisory, Conciliation and Arbitration Service, 27 Wilton Street, London SW1X 7AZ.

The Employment Effects of Urban Development Corporations. Third Report of the House of Commons Employment Committee. Session 1987-88.

Vol I. Report and Proceedings. HMSO, £4·70. ISBN 0 10 020178 4.

Vol II. Minutes of Evidence and Appendices. HMSO, £16·50. ISBN 0 10 020218 7.

Department of Employment/Training Commission: Assistance to Small Firms (see p 316). National Audit Office. HMSO, £4. ISBN 0 10 265588 X.

Training Commission (formerly Manpower Services Commission) Annual Report 1987-88. Available from Training Commission Publications, Moorfoot, Sheffield S1 4PQ. £5. ISBN 0 86392 280 5.

Monopolies and Mergers Commission: The Role of the Commission (see p 321). HMSO, £1·25. ISBN 0 11 514643 1.

Scottish Development Agency: Nineteen Eighty Eight Annual Report. Available free from the Scottish Development Agency, 120 Bothwell Street, Glasgow G2 7JP.

Welsh Development Agency Report and Accounts 1987-1988. Available free from the Welsh Development Agency, Pearl House, Greyfriars Road, Cardiff CF1 3XX.

Output and Utilisation of Farm Produce in the United Kingdom. Reports that the total value of output sold off farms in 1987 was, at current prices, 2 per cent more than in 1986 and 26 per cent more than in 1981. Available from the Ministry of Agriculture, Fisheries and Food (Publications Unit), Lion House,

Willowburn Trading Estate, Alnwick, Northumberland NE66 2PF. £7·75.

Milk Production before and after Quotas. The report uses survey information for the period 1976-87 to find out how dairy farmers in England and Wales adapted to quotas. Among its findings are that profits from milk production have increased in real terms since quotas were introduced in 1984 and that the feeding of silage has grown considerably since the mid-1970s. HMSO, £8. ISBN 0 11 242825 8.

Advisory Committee on Pesticides. Annual Report 1986. Ministry of Agriculture, Fisheries and Food. HMSO, £3·30. ISBN 0 11 242861 4.

Prospects for the Use of Advanced Coal based Power Generation Plant in the United Kingdom. Energy Paper No 56. Based on a report prepared at the request of the Department of Energy's Advisory Council on Research and Development, the paper concludes that new technologies, including fluidised bed combustion and gasification, for building cleaner, smaller and more efficient coal-fired power stations could be economically attractive. Department of Energy. HMSO, £5·20. ISBN 0 11 412904 5.

Port Statistics 1987. Department of Transport and the British Ports Federation. Available from the British Ports Federation, Commonwealth House, 1-19 New Oxford Street, London WC1A 1DZ. £25.

Conservation of the Natural Environment in Britain. COI, No 47/88.

Social and Cultural Affairs

International Migration 1986 (Series MN No 13). In 1986 the inflow of people into Britain was estimated to be 250,000, 8 per cent higher than in 1985 and the highest yet recorded. The corresponding outflow at 213,000, 22 per cent higher than in 1985, was still lower than the level of the early 1980s and well below the levels before 1976. The net gain of 37,000 persons is considerably smaller than the gain of 59,000 in 1985 and continues the trend over the last three years of a net gain in population due to migration compared with losses in earlier years. Office of Population Censuses and Surveys. HMSO, £5·20. ISBN 0 11 691230 8.

Mid 1987 Population Estimates for England and Wales (Series PP1 88/1). The 1987 estimate of the resident population of England and Wales was 50,243,000 persons, an increase of 167,000 over the 1986 estimate and of 609,000 since 1981. Office of Population Censuses and Surveys. HMSO, £2·50.

Statistics of the Misuse of Drugs, United Kingdom, 1987. Reports that the identified misuse of heroin continued the decline observed in 1986; that the total quantity of cocaine seized in 1987 was the highest ever recorded, while the number of seizures rose by 13 per cent and the number of offenders dealt with for offences involving cocaine went up by 14 per cent. The proportion of drug offenders dealt with by cautioning or custodial sentences continued to increase while the proportion fined decreased. Home Office Statistical Bulletin, 25/88. Available from Statistical Department, Home Office, Lunar House, Croydon, Surrey CR0 9YD. £2·50.

Improvements in the Arrangements for Care Proceedings (see p 323). Available free from the Press Office, Lord Chancellor's Department, Trevelyan House, 30 Great Peter Street, London SW1P 2BY.

Mature Students in Higher Education – 1975 to 1986. Department of Education and Science Statistical Bulletin, No 11/88. This bulletin presents for the first time information on home first-year full-time and part-time mature students (first degree and sub-degree students aged 21 or over and postgraduates of 25 and over). In 1986 there were 186,400 such students, compared with 131,100 in 1979. Available unpriced from Statistics Branch, DES, Elizabeth House, York Road, London SE1 7PH.

Channel Four Television Company Limited. Report and Accounts for the year ending 31st March 1988. Available unpriced from Channel Four Television, 60 Charlotte Street, London W1P 2AX.

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